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# ***Daily Report***

## **East Asia**

FBIS-EAS-93-240  
Thursday  
16 December 1993

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FBIS-EAS-93-240

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16 December 1993

**NOTICE TO READERS:** An \* indicates material not disseminated in electronic form.

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## Japan

### GATT Parties Agree on Public Works Criteria

OW1612132293 Tokyo KYODO in English 1256 GMT  
16 Dec 93

[Text] Tokyo, Dec. 16 KYODO—Japan has agreed with 12 other negotiating parties on criteria for opening the public works market to foreign enterprises, the government announced on Thursday [16 December]. The market covers public works construction and construction consulting projects ordered by the national government, prefectural and major municipal governments and government-related agencies.

The 12 other parties involved are Austria, Canada, the European Community, Finland, Hong Kong, Israel, Norway, Singapore, South Korea, Sweden, Switzerland and the United States.

Construction Ministry officials said Japan will give companies based in the 12 other nations and territories a chance to bid with Japanese businesses to provide construction services for public works projects, valued at 4.5 million special drawing rights (SDRs) (855 million yen) or above.

For public works projects offered by prefectural governments, major municipal governments and public corporations, foreign companies will be able to bid for projects valued at 15 million SDRs (2.85 billion yen) or higher, the officials said.

For consulting services for public works projects ordered by the national government and government-related agencies, foreign businesses will be able to bid for contracts worth 450,000 SDRs (about 85 million yen) or above.

They will be able to bid for contracts valued at a minimum 1.5 million SDRs for such services ordered by prefectural and major municipal governments, according to the officials.

The 13 nations and territories, which belong to the General Agreement on Tariffs and Trade (GATT), reached an agreement on the criteria for opening the market for government procurement of public works construction and related consulting services to foreign enterprises through negotiations in Geneva.

The 13 GATT parties will sign the agreement in mid-April, and the agreement will take effect on January 1 1996, the officials said.

Among the 13 parties, the U.S. and Canada have yet to agree on criteria for opening to foreign enterprises public works construction and related consulting services ordered by local governments and government-related agencies. However, they have agreed on conditions for opening to foreign businesses construction and related consulting services ordered by the national government.

The two countries will continue negotiations in order to reach an agreement by next April, the officials said.

### 'High Secondary Tariff Policy' in GATT List

OW1612144193 Tokyo KYODO in English 1431 GMT  
16 Dec 93

[Text] Tokyo, Dec. 16 KYODO—Japan will impose tariffs of up to 564 percent on farm products whose trade barriers it has agreed to convert into tariffs, including wheat, barley and dairy products, the Agriculture, Forestry and Fisheries Ministry announced Thursday [16 December]. The high secondary tariff policy is made clear in a final list of commitments on agriculture submitted to the General Agreement on Tariffs and Trade (GATT) secretariat by the government, ministry officials said.

The ministry set the upper limit of the differential between the food agency's selling price of imported rice—one such tariffed item—to wholesalers and its purchase price from trading companies at 292 yen per kilogram.

Imports of rice up to the minimum access (the minimum import volume to which Japan is committed) will be duty-free, the officials said.

The minimum rice import volume to which Japan is committed in 1995 is 379,000 tons, or 4 percent of the domestic consumption, and that in 2000 is 758,000 tons, or 8 percent, according to the officials.

The upper limit of the differential between the Food Agency's selling and purchase prices of imported rice, set at 292 yen per kilogram, will be left unchanged over a period of six years starting in 1995.

Other tariffed farm products, such as wheat, barley, dairy products, starch, miscellaneous beans, peanuts, "konnyaku imo" (tuberous root of devil's tongue), silkworm cocoons and raw silk and pork, will be subject to high secondary tariffs. The tariffs, however, will be reduced yearly at the same rate over a period of six years by a total of 15 percent.

Imports of these products up to the current import volume will be subject to the primary, existing tariffs. Imports in excess of the volume will be subject to the high secondary tariffs.

The highest secondary tariff of 564 percent will be levied on butter imported in excess of the existing import volume.

Such imported butter will be subject to a specific duty of 1,159 yen per kilogram and an ad valorem duty of 35 percent. The duties are equivalent to 564 percent, in terms of ad valorem duty.

The lowest secondary tariff of 2,968 yen per kilogram will be levied on imported silkworm cocoons. The specific duty will be equivalent to 171 percent ad valorem.



The upper limit of the differential between the government's selling and purchase prices of imported butter is set at 950 yen per kilogram, that of imported wheat at 53 yen and that of imported barley at 34 yen. The upper limit will be whittled down by a total of 15 percent over a six-year period.

The minimum import volume to which Japan is committed for wheat is 5,565,000 tons for 1995, and 5.74 million tons for 2000.

Japan promised to import a minimum 1,326,500 tons of barley in 1995, and a minimum 1,369,000 tons in 2000.

In the case of beef, which Japan earlier agreed to tariff, the existing tariff of 50 percent will be lowered to 38.5 percent in the sixth year.

For fresh oranges, which are subject to a 20 percent tariff between June and November, the tariff will be lowered to 16 percent in the sixth year. Fresh oranges are now subject to a 40 percent tariff between December and May, and this will be cut to 32 percent in the sixth year.

In a related development, the Farm Ministry announced a gradual 29 percent cut in tariffs on 219 imported fishery products over a five-year period.

The tariff on salmon will be lowered from the current 5 percent to 3.5 percent, that on lobster, shrimp and prawn from the existing 3 percent to 1 percent and that on crab from 6 percent to 4 percent.

The tariffs on 100 forest products will be lowered gradually by a total of some 30 percent over a five-year period.

The tariff on tropical lumber plywood will be lowered from the present 8 percent to 4.8 percent and on softwood plywood from 10-15 percent to a uniform 6 percent.

#### **Hosokawa: Rice Decision Led to GATT Deal**

*OW1612043693 Tokyo KYODO in English 0356 GMT  
16 Dec 93*

[Text] Tokyo, Dec. 16 KYODO—Prime Minister Morihiro Hosokawa said Thursday [16 December] that Japan's decision to partially open its rice market contributed to the successful conclusion of the Uruguay Round of multilateral negotiations for boosting free trade.

The talks were completed in Geneva when the Trade Negotiations Committee (TNC), the top policy-making body of the General Agreement on Tariffs and Trade (GATT), approved a new agreement Wednesday.

To enable Japan to adapt to the new trade rules, Hosokawa said he intends to promote further economic deregulation and achieve "further activation" of the Japanese economy.

Hosokawa said Japan faced difficulties regarding rice and other products in the negotiations but "made a painful decision, bearing in mind our national interest in the future."

The government accepted a GATT proposal to replace its rice import ban with tariffs, with a six-year grace period in which it will open 4 to 8 percent of the domestic rice market to imports.

#### **U.S. Blamed for Poor Sales of Glass Sheets**

*OW1612134093 Tokyo KYODO in English 1332 GMT  
16 Dec 93*

[Text] Tokyo, Dec. 16 KYODO—Japanese negotiators told their U.S. counterparts that poor sales of American glass sheets in Japan were attributable to insufficient sales efforts, government sources said Thursday [16 December]. The remark was made at a third session on glass sheets under Japan-U.S. trade framework talks held the same day at the Ministry of International Trade and Industry (MITI).

The U.S. negotiators said poor sales of American glass sheets in Japan were due to Japanese trade barriers.

The Japanese side's comment was based on a survey carried out on 385 glass-sheet wholesalers in Japan, of which 252 replied. The survey said 75 percent of Japanese glass-sheet dealers said they have never been approached by a U.S. glass company, MITI officials said.

According to the survey, wholesalers dealing in American glass sheets also said that their quality does not meet market demands and that delivery of goods is often delayed a week or two.

#### **U.S. Said Satisfied With Supercomputer Tenders**

*OW1612141193 Tokyo KYODO in English 1358 GMT  
16 Dec 93*

[Text] Tokyo, Dec. 16 KYODO—Negotiators from the United States on Thursday [16 December] showed satisfaction with successful bids to sell American supercomputers to the Japanese Government, Foreign Ministry sources said. In a meeting with their Japanese counterparts under the Japan-U.S. trade framework talks, U.S. officials said they are satisfied that the Japanese Government has decided to procure three U.S. supercomputers in the supplementary budget for the current fiscal year.

In the budget, the government is to procure a total of 11 supercomputers worth 30 billion yen and has so far chosen eight including the three American computers.

For the remaining three computers, the U.S. said it will keenly watch developments, the sources said. However, Japanese negotiators said the U.S. Government has a problem in computer procurement as it has not chosen any machines made by Japanese firms, which dominated 42 percent of the market share in Europe in 1992.



Japanese officials urged their American counterparts to ease the U.S. security regulation which restricts government procurement of foreign-made supercomputers, they said.

#### **UK-Ireland Peace Declaration Welcomed**

*OW1612060093 Tokyo KYODO in English 0549 GMT  
16 Dec 93*

[Text] Tokyo, Dec. 16 KYODO—Japan welcomed Thursday [16 December] the signing of a joint declaration by the British and Irish prime ministers on Northern Ireland, which is aimed at ending 25 years of violence. Foreign Ministry spokesman Terusuke Terada said in a statement that the Japanese Government welcomes Wednesday's signing of the joint declaration between Prime Ministers John Major of Britain and Albert Reynolds of Ireland after successive negotiations on the problems involving Northern Ireland.

Japan strongly hopes that concerned parties will renounce terrorism forever and that the declaration would promote conciliation on Northern Ireland and immediately restore peace, the statement said.

The seven-page declaration is aimed at persuading the Irish Republican Army (IRA) to end its 25-year-long guerrilla war against British rule of Northern Ireland. It recognizes the right of the Irish people to self-determination, but reaffirms that Northern Ireland will remain a part of the United Kingdom for as long as it remains the wish of the majority there.

#### **Extension of Aid to Palestinians Planned**

*OW1412015493 Tokyo KYODO in English 0029 GMT  
14 Dec 93*

[Text] Tokyo, Dec. 14 KYODO—Japan will extend a total of 25 million dollars in emergency aid to international organizations to help improve Palestinians' living standard, the Foreign Ministry said Tuesday [14 December].

The aid is the first part of the 200 million dollar package Prime Minister Morihiro Hosokawa pledged in a September speech at the United Nations General Assembly to Palestinians over two years, the ministry said.

The assistance includes 16.5 million dollars for the U.N. Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) to help improve the refugees' living conditions and construct temporary housing, it said.

It also includes 5.4 million dollars for the World Health Organization (WHO) to improve medical conditions in the Israeli-occupied West Bank and Gaza Strip and about 3.1 million dollars through the Japan Red Cross Society to provide medical equipment for a hospital in the West Bank town of Jericho.

#### **Vote Value Gap in 1992 Elections Ruled Illegal**

*OW1612043793 Tokyo KYODO in English 0356 GMT  
16 Dec 93*

[Text] Osaka, Dec. 16 KYODO—Judicial authorities ruled Thursday [16 December] that the gap in the value of votes in the House of Councillors election in July last year was unconstitutional, but they refused to nullify the election outcome for the sake of political and social stability.

The Osaka High Court endorsed the argument of a group of 20 voters in Osaka that the allocation of seats in the polls ran counter to the Constitution, which guarantees citizens equality, since the gap in vote value in the election had widened to 6.59-1.

Presiding Judge Noriyuki Yamanaka said that the disparity in the value of votes above 6-1 is unconstitutional. It was the first time that a court had ruled in favor of a claim by voters in suits on the disparity of the vote value in upper house polls.

The regional high court, however, rejected another of the group's requests, to nullify the poll results, saying it was taking into account the political and social instability that could occur if it invalidated the election itself.

The ruling stated that, in the July 26 election, one vote in the most sparsely-populated Tottori district was equal to 6.59 votes in the most populous Kanagawa District.

There were also 24 cases where the number of Diet seats in less populous constituencies exceeded the corresponding figure in more populous districts.

The 20 voters asserted that the Diet seat allocation for the upper house has not been rectified since its implementation in 1947, even though the disparity in vote value had continued to grow. Thus, they argued, the system of seat allocation that causes this inequality in vote value is discriminatory toward voters, while the polls based on it infringe Article 14 of the Constitution, which mandates individual equality under the law, they said.

The defending Osaka Prefectural Election Management Committee had previously rebutted the charges, stating that the seat allocation represented a reasonable application of the Diet's discretion, in view of the upper house convention whereby legislators from local constituencies are elected on the prefectural level, to represent the entire region.

Yamanaka, however, said the 6.59-1 gap in vote value exceeded the discretion available to the Diet in its fashioning of the electoral system, while a disparity of vote values that exceeds a ratio of 6-1 should be recognized as unconstitutional.

The presiding judge echoed an early Supreme Court decision which set a 3-1 ceiling on the disparity in vote value in the more powerful House of Representatives



elections, saying "the gap in the proportion could infringe on the Constitution, therefore a disparity of over 6-1 will do so even more."

Yamanaka added that a situation of unconstitutionality was created seven years ago, but the Diet had taken no measures to rectify the situation, even though it had had the opportunity to do so.

Voters in Tokyo, Chiba and Tochigi Prefectures have filed similar suits with courts, demanding the nullification of the upper house election. The suits are pending.

Between 1962 and 1986, voters lodged six suits with high courts calling for the invalidation of upper house elections, but all of those court rulings recognized the vote disparities in those polls as legal. In the suits, the disparities in vote value ranged from 4.09-1 to 5.85-1.

In December last year, the Diet passed a revision bill for the Public Offices Election Law, partially reallocating lower house seats to reduce the vote disparity by adding one seat each to nine underrepresented constituencies and shaving one seat each from 10 overrepresented constituencies. As a result, the gap in the vote value between densely and sparsely populated electoral districts narrowly cleared the 3-1 ceiling.

The Diet, however, has not yet acted to introduce measures to correct imbalances in the value of votes in the upper house.

Of the 252 seats of the upper house, 152 are elected from local constituencies, on the prefectural level, and the remaining 100 are allocated through proportional representation on a nationwide basis. The two blocs hold elections alternately, once every three years.

In the 1992 election, the local constituency seats were contested. After the ruling, the group of voters said they would appeal the court decision, which rejected their request that the upper house election results be nullified.

#### **Diet's 'Negligence' 'Intolerable'**

*OW1612115093 Tokyo NHK General Television  
Network in Japanese 0300 GMT 16 Dec 93*

[Announcer-read report over video; from the "NHK News" program]

[Text] For the first time, the Osaka High Court ruled today that the current apportionment of seats in the House of Councillors is unconstitutional. The ruling was given in a suit in which it was argued that the disparity in the value of votes in elections for the House of Councillors in July last year was unconstitutional.

The largest gap in vote value in the election was 6.59 to 1.

The suit was filed by a group of 20 eligible voters in Osaka, including Yasuaki Tagami, a college lecturer in

Toyonaka City, Osaka. The group claimed the discrepancy in vote value between Kanagawa, the most populated constituency, and Tottori, the least populated, was 6.59 to 1, the largest gap among constituencies in the upper house election held on 26 July last year. It added that the gap between Osaka and Tottori was 4.68 to 1. The group said the disparities were unconstitutional and asked the Osaka Election Administration Committee to nullify the election results.

Presiding Judge Noriyuki Yamanaka explained that if the discrepancy in the value of one vote was 3 to 1 or larger, it raised a question about the constitutionality of such a difference. He said it was never acceptable and was apparently unconstitutional if the gap was 6 to 1 or larger.

He went on to say that since the 1985 election, in which the disparity in vote value exceeded the ratio of 6 to 1 for the first time, discrepancies in vote value had continued to be unconstitutional in upper house elections. He said the Diet's negligence in rectifying this unfair situation was intolerable. He then formally ruled that the 6.59-to-1 gap in vote value in last year's upper house election was unconstitutional.

However, he turned down a request by the plaintiffs to nullify the election results because of the problems such action might cause. He added that he hoped the Diet would voluntarily review the election law.

[Begin recording of Akihito Kawazoe, one of the plaintiffs, speaking to reporters] The ruling is more than I expected. I am very satisfied. It suggests that a 3-to-1 gap or larger in vote value is unconstitutional. I think this is a very fine ruling. [end recording]

In response to the ruling, the Osaka Election Administration Committee issued a statement in the name of Commission Chairman Shinro Maeda. The statement said although the ruling turned down the request to nullify the election results, it was very severe because it judged the current apportionment of House of Councillors seats unconstitutional. The commission would decide what action it would take after closely examining the ruling, the statement said.

This was the first time in the suit the court has ruled the disparity in vote value in last year's upper house election was unconstitutional. It had already ruled that a 3 to 1 or larger ratio was unconstitutional in House of Representatives elections, and a reapportionment of seats for the house has been made. As far as the House of Councillors elections is concerned, the court has repeatedly ruled that disparities in vote value were constitutional because the upper house electoral system, in which half the members are elected every three years, is different from the lower house system.

The most noticeable points in today's ruling were that it places more importance on equality of vote value than on the electoral system the Diet has adopted, and it clarifies that a 6-to-1 gap or larger is unconstitutional.



There has never been a reapportionment of seats in the House of Councillors and disparities in vote value have become larger with each election. Now that the Osaka High Court has made its epoch-making decision, debate will take place on whether upper house seats should be reapportioned following the same formula used in the lower house, and the Diet will be urged to work for the reapportionment.

### **Hosokawa Urges Reform in Current Diet Session**

*OW1612043893 Tokyo KYODO in English 0409 GMT  
16 Dec 93*

[Text] Tokyo, Dec. 16 KYODO—Prime Minister Morihiro Hosokawa Thursday [16 December] has reaffirmed his desire to achieve political reform during the extended current parliamentary session, Chief Cabinet Secretary Masayoshi Takemura said. The premier made the remark in a meeting with former Prime Minister Toshiki Kaifu at his official residence, the top government spokesman said at a news conference.

Kaifu, who initiated political reform debate in the Diet under his administration five years ago, agreed on the need to achieve reform aimed at rooting out the corruption endemic in Japanese public life, if not necessarily in the current Diet sitting, Takemura said.

Although the 90-day extraordinary Diet session was due to end Wednesday, the ruling coalition extended it by 45 days until January 29, just before the scheduled close, to help ensure passage through the Diet of government-sponsored political reform bills.

Hosokawa has staked his political future on enactment of the reform legislation by year's end. As its enactment by this deadline is impossible due to delayed debate in the House of Councillors, the ruling coalition now aims to push the government package into law during the extended Diet session.

Political reform, featuring changes to House of Representatives elections and tighter controls on political funding, has topped the political agenda in Japan over the past five years, following a long series of financial scandals involving leading politicians of the Liberal Democratic Party (LDP).

Failure to get necessary reform legislation onto the statute books forced Hosokawa's two immediate predecessors, Kiichi Miyazawa and Kaifu, both heading LDP governments, to step down. Hosokawa's coalition knocked the LDP out of power, for the first time in 38 years, in August.

### **Three LDP Lower House Members Quit Party**

*OW1612044693 Tokyo KYODO in English 0415 GMT  
16 Dec 93*

[Text] Tokyo, Dec. 16 KYODO—Three House of Representatives members of the main opposition Liberal Democratic Party (LDP) quit the party Thursday [16

December], joining more than 50 other defectors who have left it since the summer. Shigeru Ishiba, Masamitsu Oishi and Takashi Sasagawa said they tendered resignation letters.

The three junior politicians defied their party's boycott to vote with the ruling coalition Wednesday to extend the Diet session for another 45 days beyond Wednesday's deadline.

The government wanted the extension to enable it to enact political reform bills, an election pledge by Prime Minister Morihiro Hosokawa. He has staked his political future on getting the bills into law.

Ishiba and Sasagawa were suspended from official party duties in late November because they were among 13 party members who voted for the four government-proposed political and electoral reform bills November 18. The powerful lower house passed the bills, rejecting a rival LDP reform plan.

The two lawmakers also supported a no-confidence vote in the LDP government in June that was followed by its ousting in an election in July.

The three are currently serving their third terms in the lower chamber.

Two of the seven ruling coalition parties—Shinseito (Japan Renewal Party) and Sakigake (Harbinger)—were formed by LDP defectors before the election. The LDP now has 223 members in the 511-seat lower house.

Ishiba told a news conference that he has no thoughts of either joining any of the ruling coalition parties or forming a new political party with other reform-minded legislators, at least for now. He said he will sit in the Diet as an independent.

But he spoke of the need for political reform and said he hoped to join hands with three other LDP members—Oishi, Sasagawa and Takeo Nishioka. The four defied the party decision and voted for the Diet extension, and pursue their common political goals.

He said his decision to leave the LDP was "a bitter choice and extremely regrettable" but was unavoidable as he has strived to help get the political reform legislation onto the statute book. "It is my duty as a politician in these times to achieve political reform," Ishiba said.

### **LDP Boycott Stalls Diet Business 16 Dec**

*OW1612065593 Tokyo KYODO in English 0625 GMT  
16 Dec 93*

[Text] Tokyo, Dec. 16 KYODO—Business in the Diet came to a halt Thursday [16 December] as opposition members boycotted debate following the ruling coalition parties' passage of a motion late Wednesday to extend the session through late January.

The opposition Liberal Democratic Party (LDP) rebelled against the ruling coalition for extending the session,



which had been to go into recess Wednesday, until January 29 to enable the Diet to pass political reform bills. The LDP, calling the extension an "outrage against the spirit of parliamentary democracy," said priority should be placed on drawing up the state budget for fiscal 1994, starting next April 1, to turn the economy around.

Meanwhile, the seven coalition parties affirmed at a meeting that they aim to start debate on the political reform bills at the House of Councillors' special committee within this month.

Prime Minister Morihiro Hosokawa staked his job on enacting the bills by the year-end when launching the cabinet in August. The government's package of political reform bills, designed to eradicate political corruption, is now pending in the upper house after clearing the House of Representatives on November 18.

In addition to the opposition's die-hard resistance to start debating the bills, such political events as partially opening Japan's rice market, which the government announced Tuesday, have delayed overall Diet schedules.

The coalition parties also decided to call on the government to finish making up the fiscal 1994 budget by the end of this year, as requested by House of Representatives Speaker Takako Doi when voting on the Diet extension took place Wednesday.

#### **Diet Extension Forces Hosokawa To Replan Trip**

*OW1612123793 Tokyo KYODO in English 1216 GMT 16 Dec 93*

[Text] Tokyo, Dec. 16 KYODO—The extension of the current Diet session to January 29 has forced Prime Minister Morihiro Hosokawa to reschedule plans to visit Europe, government sources said Thursday [16 December]. Hosokawa was considering visits to France, Germany and Italy in January but plans to debate political reforms in the Diet and drafting a third supplemental budget during the period have caused him to postpone the trip, the sources said.

Further, Hosokawa is scheduled to meet U.S. President Bill Clinton on February 11 for a third time for talks on a comprehensive bilateral economic agreement in which Clinton is likely to ask for a political decision in anticipation of an agreement.

Hosokawa is likely to make the trip to Europe in late April and early May, when a number of national holidays occur, in order to meet each of the leaders of the group of seven nations before the Naples summit in July, the sources said.

#### **Former Recruit Official in Scandal Acquitted**

*OW1612062893 Tokyo KYODO in English 0607 GMT 16 Dec 93*

[Text] Tokyo, Dec. 16 KYODO—The Tokyo District Court on Thursday [16 December] cleared a bribery charge against a former official of Information Conglomerate Recruit Co. who was involved in the 1987-1988 Recruit stocks-for-favor scandal that led to the downfall of then Prime Minister Noboru Takeshita.

Masao Tatsumi, 51, former head of the company's Presidential Secretariat, was acquitted of sending prelisted shares of Recruit's real-estate subsidiary Recruit Cosmos Co. to former Vice Labor Minister Takashi Kato.

Presiding Judge Kiyoshi Kimura said there was no objective or solid evidence to link the sale of the stock to Kato with Tatsumi. "There were serious doubts about the credibility of testimony in court, or to investigators, by Kato," who has admitted purchasing the stock from Tatsumi.

Kimura said it was likely that another Recruit executive delivered the shares to Kato on the order of the former chairman of Recruit, Masahiro Ezoe, 57, whose trial is still pending.

Kato, already convicted of taking bribes from Recruit, earlier received a two-year prison sentence, suspended for three years, with a fine of 6.81 million yen.

Tatsumi, 51, is one of four Recruit figures who were charged with furnishing politicians and government officials with Recruit Cosmos prefloating shares in return for favors. Another eight people were placed on trial for allegedly receiving shares before they were publicly floated.

The district court ruled in favor of the defendant, saying that in September 1986, when Kato received 3,000 unlisted shares from the JOB MAGAZINE publisher, Tatsumi had serious differences with Ezoe, making it unlikely that he would have entrusted the executive with such a delicate matter.

During investigations Tatsumi admitted he had handed shares to Kato but later retracted his testimony.

"There remain doubts, that the investigators' persistent questioning made the defendant confess against his own better knowledge and belief," Kimura said.

In court, Tatsumi pleaded not guilty, maintaining he did not participate in the stock deals, while prosecutors demanded a one-year prison sentence.

The deputy head of the Tokyo District Public Prosecutors Office, Tatsushiro Ishikawa, criticized the ruling and did not rule out an appeal. "Such a ruling is totally contrary to our expectations and utterly difficult to accept," Ishikawa said.



Noting that without severe questioning "the truth doesn't come to light," another senior prosecution official, who refused to be named, said he had the impression that the ruling was "biased" and the result of "prejudiced suppositions."

A spokesman for Recruit welcomed the court decision as "very happy" news for Tatsumi himself but refused to comment on the ruling in regard to the pending Recruit trials.

After the trial, Tatsumi, the first Recruit scandal figure to be found not guilty, told a news conference that he was "very glad" that the court had accepted his not-guilty plea.

Earlier found guilty and sentenced were Hisashi Shinto, 83, former chairman of Nippon Telegraph and Telephone Corp. (NTT), Ei Shikiba, 59, a former NTT executive, and Shigeru Kano, 60, a Labor Ministry official.

Still pending are trials against former Chief Cabinet Secretary Takao Fujinami, 61, former Komeito legislator Katsuya Ikeda, 56, and another former Recruit executive, Toshihiro Ono, 43.

Also indicted for allegedly receiving or sending bribes were Hiroshi Kobayashi, a former president of First Finance Co. or Recruit's financing arm, Kunio Takaihi, a former vice minister at the Education Ministry, and Hisahiko Hasegawa, a former NTT executive.

The Recruit scandal, which helped undermine voters' trust in the country's political establishment, also involved secretaries or relatives of former Prime Ministers Takeshita, Kiichi Miyazawa, Yasuhiro Nakasone, and former Foreign Minister Michio Watanabe.

#### **Ministry 'Set To Allow' New Shares Offerings**

*OW1512131993 Tokyo KYODO in English 1240 GMT 15 Dec 93*

[Text] Tokyo, Dec. 15 KYODO—The Ministry of Finance is set to allow creditworthy corporations to resume public offerings of new shares in early January at the earliest after a lapse of three years, ministry sources said Wednesday [15 December].

The new issues have been suspended since March 1990 due to the stock market slump. The ministry now believes the resumption will help reactivate the securities market, the sources said.

Brokerage houses showed mixed reaction to the report, with some expressing concern that new issues may disrupt the stock supply-demand situation on the market.

The companies cited as the major source of concern the current slow trading volume on the market, amounting to about 200 billion yen daily against the background of

economic slowdown. They said the stable supply-demand situation could be maintained if the daily trading volume amounts to around 500 billion yen.

Under the self-regulation imposed by the securities industry, enterprises planning to increase capital through public offerings of new shares are required to meet certain conditions. The conditions include that these firms have to increase dividends or split outstanding shares within three years after new shares are issued and boost the average payout ratio over a three-year period above 30 percent if their net worth ratio stays below 8 percent.

The sources said a considerably large number of corporations can now clear these requirements.

The ministry will lay down severe conditions for resumption of capital increase through an administrative guidance, the sources said.

#### **Bad Loan Measures Included in Stimulus Package**

*OW1512114793 Tokyo KYODO in English 1127 GMT 15 Dec 93*

[Text] Tokyo, Dec. 15 KYODO—The Ministry of Finance (MOF) is to include measures to help liquidate nonperforming loans in a planned additional economic stimulus package, ministry and financial sources said Wednesday [15 December].

The sources specified the measures as a conversion of the loans extended to businesses into small-lot debt securities, a clear system of selling loans without advance notice to borrowers, and commercial paper with assets as collateral, the officials said.

Considering the new pump-primer, Finance Minister Hirohisa Fujii and Chief Cabinet Secretary Masayoshi Takemura indicated earlier that the government will consider forming another extra budget for fiscal 1993 after the second supplementary budget passes the Diet.

The sources said a special study group will come up with a concrete report on the measures as early as next spring for the ministry to begin preparing the medium- to long-term framework on a secondary market to trade loan claims.

Bad-loan measures were also called for in the fiscal package launched in August last year in a bid to ensure a stable financial system, and since then, such actions as establishing a joint loan purchasing company in January and allowing trading of general loans through a trust method last December.

But they are not necessarily working smoothly to help financial institutions clear their huge problem loans, the sources said.



Loans are allowed for sale to third parties, but the current law requires advance knowledge of borrowers for most general loans that exclude lease and consumer credits.

With borrowers usually rejecting such loan sales, Japan's secondary market is as small as one-tenth of the U.S. market.

The outstanding balance of general loans stood at some 1.4 trillion yen as of September, while that of loan-sales trust was only at 10.2 trillion yen.

### **Mieno on Prospect for FY93 Economic Recovery**

*OW1512074093 Tokyo KYODO in English 0721 GMT  
15 Dec 93*

[Text] Tokyo, Dec. 15 KYODO—Bank of Japan [BOJ] Governor Yasushi Mieno said Wednesday [15 December] an economic recovery is unlikely to take place in the half year ending next March 31, the second half of fiscal 1993. "The probability of such a recovery is extremely low," Mieno told a news conference.

The remark rules out the recovery scenario to which the bank had been sticking in which it predicted that the economy would pull out of the doldrums in the second half.

Mieno indicated the bank will not cut its official discount rate further in the immediate future.

He also voiced opposition to the idea of using public funds to help banks dispose of nonperforming loans. Instead, he proposed such measures as issuance of preferred stocks, resumption of new public share offerings at market prices, and creating a system to liquidate bad debts, as ways to improve corporate balance sheets heavily damaged by the bursting of the bubble economy.

No specific recovery prospects lie ahead, Mieno said, citing continued sluggishness in corporate capital spending and personal spending.

Corporate business sentiment worsened as reported in the BOJ's latest "tankan" short-term survey, while the nation's employment situation is deteriorating, Mieno said.

Corporations are also having difficulty coping with the yen's appreciation against the dollar, he said.

But Mieno emphasized the assessment does not mean all the underlying strength of the Japanese economy has been lost.

Corporate inventory adjustment, for example, has progressed smoothly, he said. He also cited a series of pump-priming measures by the government and the September cut to a record low 1.75 percent per annum in the official discount rate for the seventh time since the summer of 1991.

The BOJ's credit easing helped bring about sharp cuts in money market rates and short- and long-term prime lending rates, Mieno said.

The central bank governor declined to comment, however, on when the economy will begin picking up.

The BOJ will watch economic developments with "the most careful attention," he said.

The BOJ's recent hearing on employment showed that the labor surplus currently facing many corporations is unlikely to become more serious, Mieno said.

The chance is "not high" that companies will go after large-scale labor cuts, he said.

Mieno stressed the need for using "the vitality of the capital market" as a way to improve corporate balance sheets.

The capital market may play a role in transferring financial risks from one party to wider sectors, Mieno said, proposing the securing of bad loans, particularly those backed by property, as a means to help liquidate such loans.

Mieno also recommended upgrading legal systems for smoother write-off of bad loans and diversifying fund-raising vehicles, for example, via allowing preferred stocks.

These measures are already in place in the United States, Mieno explained.

"Japan has much to learn from the U.S. experience," he said.

Mieno said financial institutions should have sole responsibility for disposing of their nonperforming loans.

The remark confirms the central bank's stance against using public money to solve the problem.

It is "not appropriate" to assume that the government will give the financial institutions a helping hand finally, he said.

The central bank's role is just to improve the environment by removing obstacles that would hamper smooth liquidation of bad loans, Mieno said.

### **Ministry on Cutting Base Interest Rate on Loans**

*OW1612080793 Tokyo KYODO in English 0716 GMT  
16 Dec 93*

[Text] Tokyo, Dec. 16 KYODO—The Finance Ministry said Thursday [16 December] it will cut the base interest rate on the loans from its fund management bureau to government institutions by 0.25 percentage point to 3.85 percent per annum.

Following the move, the government-backed Housing Loan Corp. is expected to cut its base housing loan rate



to somewhere between 3.75 and 3.80 percent per annum, effective next Wednesday. The corporation last cut the rate to a record low of 3.90 percent November 25.

The ministry's bureau, which invests public funds from postal savings and other sources, offers the loans to Housing Loan Corp., Japan Road Corp. and other government-backed organizations.

The base housing loan rate applies to loans for a house with a floor space of up to 125 square meters. The rates on loans for larger houses are expected to be cut by between 0.20 and 0.25 percentage point, officials said.

### **Saito Denies Reports of New Stimulus Plan**

*OW1612102793 Tokyo KYODO in English 1013 GMT  
16 Dec 93*

[Text] Tokyo, Dec. 16 KYODO—Vice Finance Minister Jiro Saito Thursday [16 December] denied reports that the government will release a new set of economic measures on December 20 to help revive the ailing Japanese economy. The Finance Ministry has been "puzzled" by such reports, Saito told a press conference.

The ministry has not received any instructions from the government to cooperate in formulating a package, he said.

Compilation of the national budget for fiscal 1994 by December 31 has become difficult in view of the number of days left before the year's end, Saito said. But he added that does not necessarily mean his ministry has completely given up compiling the budget within this year.

Saito praised the latest Uruguay Round accord on financial service sectors as "fruitful" for global trade. Saito was referring to an agreement that the most-favored-nation (MFN) status should be equally accorded to all member countries of the General Agreement on Tariffs and Trade (GATT).

The accord represents "a significantly forward-looking stance" among GATT nations for global financial trade, Saito said, noting it is the first time that the MFN treatment has been agreed on on a multilateral basis.

The Uruguay Round accord allows each member country to review whether or not to extend MFN status beyond the sixth month after the launch of the multilateral trade organization (MTO).

The United States hailed this provision as reflecting its stance in favor of leaving room for exceptional measures even under MFN status against countries that do not provide national treatment to U.S. firms operating in those countries.

Saito said enhancing investment in public works projects is acceptable if financial sources to cover them are

secured. He had previously sounded reluctant to expand such outlays, citing lack of government funds amid falling tax revenues.

The conditional acceptance of larger public investment is in line with a proposal made earlier in the day by a prime minister's advisory panel.

The advisory group for economic restructuring proposed the government study expanding spending on public projects in a manner that would not transfer the financial burden to future generations, as a way to upgrade Japan's social infrastructure. The group was set up in September in order to restructure Japan's economic system mainly via deregulations of government controls.

Saito dismissed the idea of using public funds to help liquidate nonperforming loans squeezing banks.

"It would be extremely difficult to allow use of public money in risky areas," he said.

### **Hiraiwa Advisory Panel Proposes Income Tax Cut**

*OW1612020893 Tokyo KYODO in English 0152 GMT  
16 Dec 93*

[Text] Tokyo, Dec. 16 KYODO—A private advisory panel to Prime Minister Morihiro Hosokawa called Thursday [16 December] for income tax cuts and increased spending on public works projects to rev up the stagnant Japanese economy.

The Advisory Group for Economic Restructuring, in its final report submitted to the premier, also urged the government to take necessary measures to promote land transactions as an economic stimulus measure. But the report does not specifically mention the scale of the proposed income tax cuts or of the amended 10-year public works spending program, originally worth 430 trillion yen, which started in fiscal 1991.

The 15-member panel, headed by Gaishi Hiraiwa, chairman of the Federation of Economic Organizations (Keidanren), completed its three-month-long mission with the submission of the report, which offers a set of recommendations for the restructuring of the economy.

Hosokawa told reporters that he wants the council's recommendations to be reflected as much as possible in discussion on the fiscal 1994 national budget and tax system reform.

The premier has vowed to shift the nation's economic and social structure toward one favorable to consumers, so the public can fully enjoy the nation's affluence.

Although the premier originally commissioned the panel to draw up a report on the economic restructuring over the medium and long range, the private group decided to include in its report recommendations for pump-priming measures for the short term.



"An early economic recovery is keenly needed to effectively tackle mid- and long-term challenges," the final report says.

The report touches on the need for the relaxation of government regulations to create new business opportunities, provide consumers with a wider choice of goods and services, narrow the gap in prices between domestic and overseas markets, and boost consumer spending.

To monitor and promote the proposed deregulation, the paper calls for the early setup of a "powerful" independent body with the authority to offer recommendations to the government on the easing of regulations.

The report also urges the government to try hard to "significantly" slash Japan's towering trade surplus over the medium term and provide the world with a "free and big market" by turning the nation's economy into one that is more domestic demand-oriented.

At a news conference, Hiraiwa said he believes the just compiled report can meet the expectations of foreign governments in that it clearly charts the future course of the Japanese economy.

While noting the need to protect the free trade system, it also calls for multilateral assistance to developing nations, and countries struggling to shift their economies into market-oriented ones, as well as cooperation in promoting disarmament.

As part of efforts to improve the nation's social infrastructure, the government should develop an optical fiber-based communications network modeled after the national information infrastructure program conceived under the U.S. administration of President Bill Clinton, the report says.

It also recommends further improvement to, and transparency in, bidding systems for central and regional government procurement.

Given the severe job situation that has resulted from the protracted economic slump, the labor market in Japan must become one that features easier access for potential employees and greater tolerance toward job hopping, according to the paper.

The report also points to the need to readjust the balance between direct and indirect taxes simultaneously, to activate financial and capital markets.

Hosokawa dodged a question on the possibility of a hike in the 3 percent consumption tax and in the scale of anticipated income tax cuts.

The report also recommends the creation of a society where the elderly can enjoy affluent lives, and the promotion of women's greater participation in social activities.

Asked about necessary economy-spurring measures, Hosokawa said, "we want to compile a budget (for fiscal 1994) by paying as much attention as possible to the state of the economy."

The private panel has met 13 times since September 16 to compile a paper similar to the 1986 Maekawa Report. That report, drawn up by a panel led by a former Bank of Japan governor, the late Haruo Maekawa, called for transformation of the then export-oriented Japanese economy to one driven more by domestic demand.

Most of the paper's proposals were never carried out, but the trade surplus diminished because domestic demand rose, boosted during the "bubble economy" boom, when land and stock prices skyrocketed.

### Business Leaders View Report

*OW1612133193 Tokyo KYODO in English 1319 GMT  
16 Dec 93*

[Text] Tokyo, Dec. 16 KYODO—Leaders of Japanese industries and business world said their chief interest in a special economic report unveiled Thursday [16 December] is whether its recommendations will have immediate and real effects on the stagnant domestic economy.

Noting that the report did not specify figures for proposed additional public work spending, Hiroshi Saito, chairman of the Japan Iron and Steel Federation, said it contains no measures of immediate impact.

Kosaku Inaba, chairman of the Japan Chamber of Commerce and Industry, said the important point is how the recommendations will be implemented.

The report was submitted to Prime Minister Morihiro Hosokawa by his private panel, the advisory group for economic restructuring.

Concerned that the current recession is becoming one of the longest economic downturns in Japan, Hosokawa called on the panel to come up with an overall package of pump-priming measures. The 15-member panel headed by Gaishi Hiraiwa, chairman of the Federation of Economic Organizations (Keidanren), came up with the report after three months of deliberation.

Its major suggestions include income tax cuts, further spending on public works projects and promoting land transactions.

In general, industry and business leaders welcomed all the recommendations in the report. But they appeared keen to see immediate effects of those measures, with some of them saying the report did not show specific figures for recommended measures, and others urging the government to move quickly.

Takeshi Nagano, president of the Japan Federation of Employers' Associations, said Japan's corporations cannot wait long for an economic recovery, and they



might have to cut jobs further if the business environment does not improve in the near future.

Masaru Hayami, chairman of the Japan Association of Corporate Executives, urged the government to come up with an action program based on the economic report as soon as possible.

He also said the report did not mention specific ways to increase the outlays for the 10-year public works projects it proposes, or for reviewing the antimonopoly law. Those are tasks the government has to cope with promptly, he said.

#### **Agency Reports Gold Veins Found in Hokkaido**

*OW1412130193 Tokyo KYODO in English 1239 GMT  
14 Dec 93*

[Text] Tokyo, Dec. 14 KYODO—The Metal Mining Agency of Japan said Tuesday [14 December] it has found the nation's biggest-scale gold veins in Kamishihoro town in Kato County, northeastern Hokkaido.

The find consists of two small veins lying 150 to 200 meters underground, discovered in a boring examination carried out from June to November.

According to agency officials, the ore averages 8.76 grams of gold per ton, making it a medium-rich one. However, the total width of the veins is about 16 meters, compared with several centimeters to one meter for ordinary veins, they said.

In 1992, the agency found a 1.6-meter-wide gold vein containing 15.3 grams of gold per ton.

The area is close to a famous Konoike Gold Mine of Sumitomo Metal Mining Co., which was closed in 1973.

### **North Korea**

#### **Radio Denounces Military Superiority 'Rumor'**

*SK1612003293 Pyongyang Korean Central  
Broadcasting Network in Korean 2216 GMT 15 Dec 93*

[Text] The U.S. bellicose attempt to strengthen military cooperation with South Korea has recently been exposed, while the rumor of our so-called military superiority is spreading. Mentioning the computer simulated war exercise held by the U.S. Department of Defense, a recent issue of the U.S. weekly NEWSWEEK reported the U.S. authorities' outbursts on the need to reinforce South Korea-based U.S. Forces and the like following the report that North Korea can defeat South Korea in case of war.

As this is a very alert [simsangchi anun] move aimed at putting the brake on resolving the nuclear issue on the Korean peninsula, aggravating the situation extremely, and raising a new war of northward invasion, we cannot but take a serious view of it.

The rumor of our military superiority is a product of the U.S. stereotypical means of slandering us, which the United States has used whenever it tries to realize its wicked scheme, and is nothing but a variety of the paradox on our nonexistent nuclear development.

The noisy U.S. report on the rumor of our military superiority, along with the suspicion of our nuclear development, clearly shows that the preconditions it demands are aimed at creating obstacles to the third round of DPRK-U.S. talks. From this, we can also know well that what the United States truly intends is to pursue continuously maneuvers to stifle Korea with a hostile policy [taejoson choktaesi apsal chaektong].

After it promised at the talks that it would not use armed force, including nuclear weapons, or threaten us with these arms, the United States went against this and is threatening to make us give in by using arms. The U.S. attitude is extremely shameless.

If the United States attempts to overwhelm [cheap] us with arms, while applying pressure and sanctions on us by the international cooperation system in collusion with South Korea, it will cause a dangerous development of the situation.

The United States still seems to be lacking awareness of its dialogue partner. Pressure or force will not work on us. The United States had better abandon its silly delusion to pressure us with weapons.

#### **KCNA Rebuts Strength 'Rumor'**

*SK1612041693 Pyongyang KCNA in English 0408  
GMT 16 Dec 93*

["The U.S. Must Renounce Policy of Strength"—KCNA headline]

[Text] Pyongyang, December 16 (KCNA)—The rumor about the "military predominance" of the Democratic People's Republic of Korea is now abroad in the United States, while the bellicose intention to "strengthen military cooperation with South Korea" is openly manifested.

Recently, the U.S. magazine NEWSWEEK, referring to the mock war exercise by computer staged by the U.S. Defence Department, said that if a war broke out, North Korea could defeat South Korea. Synchronizing with this, a spate of bellicose outcries for the reinforcement of U.S. forces in South Korea have come from the U.S. authorities.

This is a very ill-boding move to put the brake on the solution of the nuclear problem on the Korean peninsula, bring the situation to the extreme pitch of strain and invoke another war against the DPRK. We cannot but take a serious view of this.

It is none other than the United States and the South Korean puppet clique that are clamouring about a "certain victory at the initial stage of war" after stationing



tens of thousands of U.S. troops in South Korea and deploying more than 80 percent of the puppet army in areas near the Military Demarcation Line.

This notwithstanding, the United States is now spreading the rumor about the DPRK's "military upper hand." This is nothing but a crafty trick to further strengthen the military ties with South Korea, send more U.S. troops to South Korea and largely reinforce the puppet Armed Forces under that pretext.

Judging from the U.S. advertisement about the DPRK's "military predominance" along with "nuclear suspicion", the "preconditions" set by the United States are obviously a brake on the third-stage DPRK-U.S. talks and what it really intends is to persistently pursue a hostile policy to stifle the DPRK.

If the United States attempt to contain the DPRK by force of arms in league with South Korea, while putting pressure on and taking "sanctions" against it through an "international cooperation system", this would lead to dangerous developments.

The United States apparently lacks understanding of its dialogue partner. Coercion and strength cannot work with the DPRK.

### **Kim Yong-sam Driving Toward War 'Step by Step'**

*SK1512145893 Pyongyang Korean Central  
Broadcasting Network in Korean 1150 GMT 15 Dec 93*

[Commentary by station commentator Chong Pong-kil:  
"Warmonger's Reckless Act"]

[Text] The South Korean puppets committed a reckless act of instigating war fever while rashly provoking us.

According to a radio report from Seoul, on 14 December, traitor Kim Yong-sam, in a military uniform, busily went around the puppet army units and the U.S. Air Force base, and instigated war fever to warmongers.

Visiting the puppet marine Blue-Dragon unit and the puppet military academy, the rascal raved as if we are accelerating war preparations. He said that we may perpetrate adventurous military provocations, that (?vigilance) should be heightened, and so forth. Visiting the U.S. Air Force base in Osan, he made absurd remarks that the U.S. imperialist aggressor forces in South Korea are capable of repelling someone else's provocation, and so forth.

On the other hand, the puppet defense ministry on 14 December babbled about someone's surprise attack, and said that it assumed the posture to counter the attack. This shows that the Kim Yong-sam puppet clique is driving fellow countrymen into the calamities of war step by step. This is an intolerable challenge to all fellow countrymen who want peace and peaceful reunification of the country.

As has been known to all, it is a fact recognized by the whole world that we are consistently making efforts for durable peace on the Korean peninsula and peaceful reunification. We put forward a proposal for drastically reducing armed forces in the North and the South and for suspending war exercises, including nuclear war exercise, for durable peace on the Korean peninsula. We showed practical example. Even today, we are making all possible efforts to realize the proposal.

Nevertheless, traitor Kim Yong-sam raved about someone's so-called adventurous provocation and so forth. This are indeed preposterous, absurd remarks.

That traitor Kim Yong-sam went around the puppet army units and U.S. Air Force bases in a military uniform and incited war fever cannot but be regarded as premeditated maneuvers to further aggravate the situation in our country. An old proverb says that "one invites trouble unnecessarily."

As was already reported, the Sixth Session of the Ninth Supreme People's Assembly of the DPRK adopted decisions and laws on the issue of correctly inheriting and developing national cultural heritage and on accelerating the peaceful construction.

However, the Kim Yong-sam group talked as if we are preparing for war and made violent remarks about war. Such an act by the Kim Yong-sam group can be perpetrated only by those who want to play with fire.

The Kim Yong-sam group is, in actuality, running amok with reinforcement of the puppet army by challenging our peaceloving efforts. Besides, it staged war exercises each day, including "Foal Eagle-93," "Hwarang," and so forth, and repeatedly committed military provocations on and around the Military Demarcation Line [MDL] in a bid to ignite the fuse of war.

As revealed by the puppet defense ministry, the rascals recently additionally deployed a mobile corps of the puppet army along the MDL. This illustrates the bellicose nature of the rascals who are running wild for preparations for a northward war of aggression.

In particular, traitor Kim Yong-sam is a very dangerous figure who repeats treachery [pyonjol] and betrayal [pyonsim]. When he was with the opposition party, traitor Kim Yong-sam loudly talked about peace and reunification, and when he acted as a political prostitute, he talked about reconciliation and cooperation. Today when he came to office as the president, he makes violent remarks on war each day.

No one knows about when and what time this figure would ignite the fuse of war. Traitor Kim Yong-sam's attempt to gain supremacy over us with military power at any cost in collaboration with outside forces is the same as an act of a puppy which is recklessly running wild without knowing fear of a tiger.

By abruptly going around the puppet army units and U.S. Air Force bases, traitor Kim Yong-sam made



absurd remarks of reversing black and white and provoking us. His purpose in doing this is to fabricate and spread the theory on our military provocation, being embarrassed by the people's fierce resistance to the puppet traitor's opening of the rice market, and to maintain his life by diverting the people's attention elsewhere.

In other words, he is attempting to seek a way out of crisis by provoking a northward invasion. However, just as one cannot gather spilled water, traitor Kim Yong-sam will be held responsible for having instigated war before the nation.

If there is a mad dog in the house, disaster is inevitable. As long as warmongers like traitor Kim Yong-sam remain in power, our people cannot be at peace. The South Korean people should more courageously carry out the struggle to remove the Kim Yong-sam group which is dashing along the road of war, not of national reconciliation and unity.

#### **Kim Yong-sam's Remarks on Capability Denounced**

*SK1612054093 Pyongyang KCNA in English 0424  
GMT 16 Dec 93*

[Text] Pyongyang, December 16 (KCNA)—The traitor Kim Yong-sam of South Korea went to the puppet naval "Chongnyong" unit on the front, the Army Academy and the U.S. Airforce base in Osan on December 14, whipping up a war fever. Commenting on this, NODONG SINMUN today says:

Slandering the North over its alleged "adventurous provocation" and so forth, the traitor Kim Yong-sam blared that the South Korea-U.S. Combined Forces have the capability and posture to repulse it. His remarks revealed the scheme to ignite a war against the North by inventing a pretext.

The traitor Kim Yong-sam is a dirty renegade and betrayer with three or four tongues and a despicable political mountebank who stoops to any infamy, if it is for gratifying his greed for power. He is a very dangerous fellow who cannot be trusted by the South Korean people or any other. This traitor made a "promise" in his canvassing that he would defend the rice market by staking "presidency". But after becoming the "president" he declared rice market opening without hesitation.

No one can vouch that the traitor, driven into a hopeless crisis by the massive protest of the people shouting "down with the civilian government" against rice market opening, would not provoke a war against the North and plunge the South Korean people into a disaster of fratricidal war to find a way out.

If a mad dog is in a house, it bites its people, injuring them, and if such a warmaniac as traitor Kim Yong-sam is left within the nation, it cannot be safe and cannot

evade a misfortune. A stick is suitable to a mad dog. So a sledge hammer should be brought down on the head of the Kim Yong-sam clique which is seized with confrontation and war fever.

#### **13-14 Dec U.S. 'Espionage Flights' Reported**

*SK1612041493 Pyongyang KCNA in English 0401  
GMT 16 Dec 93*

[Text] Pyongyang, December 16 (KCNA) The U.S. imperialists let an overseas-based RC-135 strategic reconnaissance plane fly above Tokjok Islet, Kapyong and Yangyang, South Korea, on December 13 for aerial photographing and electronic reconnaissance on the whole areas of the Democratic People's Republic of Korea and above areas near the Military Demarcation Line on the 14th, to spy on objects in the strategic interior of the DPRK, according to military sources.

Meanwhile, a U-2 made a shuttle flight in the air above Pochon, Yanggu and Inje on the 13th and 14th for the purpose of an electronic reconnaissance on inland areas of the DPRK.

On the 14th, more than ten reconnaissance planes including RV-1, RC-12, RF-4C and EH-60 flew above Tokjok Islet, Pochon and Kansong and spied on the eastern and western coastal areas and forward areas of the DPRK.

The planes which made espionage flights in the skies above South Korea against the DPRK on the 13th and 14th totalled more than 20.

#### **Radio on U.S. 'War Exercise'**

*SK1612064393 Pyongyang Korean Central  
Broadcasting Network in Korean 2200 GMT 11 Dec 93*

[Text] According to military sources, the U.S. imperialists and the puppets conducted a joint aerial war exercise against the northern half of the Republic on 9 and 10 December, mobilizing fighter-bombers, pursuit-assault planes, and vertical take-off and landing attack planes from overseas bases.

Warplanes belonging to the U.S. Air Force and Marine Corps from the base in Japan and some 450 various types of planes—such as fighter-bombers, assault planes, observation planes, and reconnaissance planes—of the U.S. Air Force stationed in South Korea and the puppet air force were mobilized in war exercises conducted for two consecutive days in the skies above Pyongchang, Yongwol, and Umsong.

This provocative war exercise was an extremely dangerous game with fire aimed at increasing the capabilities of coordinated operations, command and striking between flying corps from overseas bases and those belonging to the U.S. Air Force stationed in South Korea and the puppet Air Force.



While the war exercises were staged crazily, the U.S. imperialists ran madly about conducting mid-air refueling exercises on 9 December. While flying over the West Sea by Kunsan, a group of KC-135 refueling tankers from the base in Guam kept refueling some 30 fighter-bombers running amok in the aerial war exercise.

In the meantime, the South Korean puppets made a stir by conducting military exercises day and night in areas adjacent to the Military Demarcation Line [MDL] of the DMZ.

On 9 and 10 December, the puppet Army's large-caliber artillery units were mobilized to areas of Chongja-ri, Paju County; Sinjong-ri and Sohwa-ri, Imjae County; Chogok-ri, Majon-ri, Yonchon County; and Naedu-ri, Chorwon County, of South Korea's Kangwon Province and fired some hundreds of gun shells to areas near the DMZ.

Armed bandits of the puppet Army took combat positions in Naepo-ri, Oechon-ri, and Chungse-ri, Chorwon County, of South Korea's Kangwon Province, and fired at random over 600 large-caliber machinegun and automatic rifle bullets, attacking in the direction of the MDL, with some 50 flare bombs set ablaze.

The South Korean puppets on 10 December mobilized 500 armed bandits and some 40 armored cars from Majon-ri, Yonchon County, to areas near the Military Demarcation Line. On 9 December, they ran madly about in perpetrating night aerial espionage on our area's eastern front by mobilizing an unmanned observation plane in the sky over Sogong-ri, Imje County, for a long time.

The military rackets by the U.S. imperialists and the South Korean puppets further strain the situation on the Korean peninsula at a time when nuclear suspicion commotions are being staged.

### **U.S. Legislators Criticized for 'Stiff' Stance**

*SK1612054293 Pyongyang KCNA in English 0432  
GMT 16 Dec 93*

[“Daydream of Hardliners”—KCNA headline]

[Text] Pyongyang, December 16 (KCNA)—Murkowski, a U.S. senator, told a recent press conference that the Clinton administration “must take a tougher measure against North Korea”, the chairman of the U.S. Senate Armed Services Committee cried that the United States must be prepared for a military solution and some western newspapers have joined them. NODONG SINMUN today, commenting on this, says that this is a move to obstruct the DPRK-USA talks by encouraging the United States to take “a stiff position.”

The news analyst notes:

To encourage the United States to take “a stiff position” toward the DPRK with cries for “a tougher measure” and “sanctions” cannot be construed otherwise than an

act of those who do not want the solution of the nuclear problem on the Korean peninsula.

Judging from the clamour for “a military solution”, they are obviously bellicose elements. They have revealed their ugly color as the shock brigade in the hostile policy to stifle the DPRK.

No strong arm can work with the DPRK. It is a foolish dream to wrest something from it with a strong arm.

If the United States persistently take a stiff stance at the instigation of the seditious quarters, it will only render the situation more complex and tense. The hardliners of the United States and the West must look straight at the reality and act with discretion.

### **Kim Yong-sam's Remarks on U.S. Denounced**

*SK1612044793 Pyongyang KCNA in English 0419  
GMT 16 Dec 93*

[Text] Pyongyang, December 16 (KCNA)—The traitor Kim Yong-sam, a puppet, speaking about the fictitious “nuclear problem” of the North in an “interview” with the South Korean radio “CBS” [Christian Broadcasting System] on December 14, said “the United States would make no concessions”, according to a report from Seoul.

This is a despicable attempt to frustrate the DPRK-USA talks aimed at a solution of the nuclear issue on the Korean peninsula and a heinous challenge to the North.

When he said “the United States would make no concessions”, he probably took into consideration the “definite answer” of the United States on the maintenance of an “international cooperation system” which he got during his U.S. trip in November in return for rice market opening. No one but flunkeyist traitors could do that.

The traitor Kim again raised the questions of “inspection by the International Atomic Energy Agency” and “North-South dialogue”, making quite a noise as if they were “preconditions” for third round DPRK-USA talks. In the final analysis, this was also a sinister attempt to drop the checkbar on the way of DPRK-USA talks.

It is the biggest tragedy for the traitor Kim that he does not know that frustrating the DPRK-USA talks means, in the long run, cutting his own throat.

The traitor Kim Yong-sam must know this clearly and refrain from such mean acts as imprudently poking his nose into others' business.

### **Foreign Seamen Support U.S.-DPRK Talks**

*SK1612055393 Pyongyang KCNA in English 0428  
GMT 16 Dec 93*

[Text] Pyongyang, December 16 (KCNA)—Crewmen of Maltese and Cyprian ships anchoring at Hungnam port held a joint meeting on December 14 and urged the



United States to respond at an early date to the third-round DPRK-USA talks to implement the DPRK-USA joint statement.

Recalling the recent blast of the U.S. President that if some one "attacks", it "would have to pay dearly for it", they condemned it as a mean perfidy against the dialogue partner and a crude breach of the DPRK-USA joint statement.

They extended full support to the statement of the DPRK Foreign Ministry spokesman issued with regard to such undisguised hostile act of the United States, saying the statement manifested the resolute stand that if the United States intends to nullify the principles of the joint statement and finally opts to discontinue the talks, there would be no need for the DPRK to suspend inconveniently the effectuation of its withdrawal from the treaty (NPT) any longer.

They stressed that the Korean people and People's Army have an indomitable will, not yielding to any strong pressure, and that the DPRK and the United States should seek a negotiated solution of the nuclear problem.

A letter to the great leader President Kim Il-sung and a letter to the dear leader Comrade Kim Chong-il were adopted at the meeting.

#### **Daily Denounces Kim Yong-sam on Rice Issue**

SK1612055093 Pyongyang KCNA in English 0415  
GMT 16 Dec 93

["Rice Market Opening Is Treacherous Act of Sacrificing Peasants"—KCNA headline]

[Text] Pyongyang, December 16 (KCNA)—The traitor Kim Yong-sam's criminal act of opening the South Korean rice market lock, stock and barrel to outside forces is an anti-popular flunkeyist treachery which would cut off the lifeline of the six million South Korean farmers and result in the total bankruptcy of agriculture and a catastrophic crisis for the economy as a whole, says NODONG SINMUN in a by-lined article on December 15.

The article reads in part:

The traitor Kim Yong-sam, a puppet, stripped himself naked to the whole world once again as a rare flunkeyist, traitor to the nation by opening the South Korean rice market.

He had "committed" himself to defending rice even at the risk of his office as "president" when coming to power. But, during his recent U.S. trip, he begged the United States to remain committed to "support for security" of South Korea, maintain an "international cooperation system" aimed at stifling the North where the same fellow countrymen live, and to refuse the North-proposed formula of a package solution of the nuclear problem, and promised to totally open the South Korean market in return for it.

When bags of foreign rice are heaped in South Korea as a result of the rice market opening, the domestic rice with weak competitiveness will be pushed aside and, subsequently, the peasants will lose means of living. Then, the South Korean agriculture which depends on the poor economy and backward technologies will be driven into total bankruptcy, exerting an adverse influence on the economy as a whole, and the economy and people's living will fall in dire distress.

Kim Yong-sam the puppet, however, blared that there are "more things to gain than to lose" through the rice market opening under the "present-day conditions" and that it should be "calmly accepted as an option in the last extremity to increase their international competitiveness". How can there be "more things to gain", and how can it be "an option in the last extremity" when the rice market opening will immediately victimize the peasants and drive agriculture to bankruptcy? The puppet's jargon is nothing but a crafty ruse to cover up his treacherous criminal act in bartering away the interests of the South Korean farmers and cheat the people.

Facts fully prove that the traitor Kim Yong-sam is an unparalleled flunkeyist traitor far outdistancing the successive puppets of South Korea.

#### **Radio Commentary on Rice Issue**

SK1612064193 Pyongyang Korean Central  
Broadcasting Network in Korean 1150 GMT 11 Dec 93

[Commentary by Chong Pong-kil: "Deserved Protest Against Traitor"]

[Text] Lately, a struggle by people of all strata is being waged against puppet traitor Kim Yong-sam in connection with his recent announcement of the opening of the rice market in a so-called special statement. In an interview with reporters on 9 December, the National Federation of Farmers Associations of South Korea declared that it is intolerable to victimize agriculture by opening the rice market under the pretext that an era of internationalization has come, and it called for forming an emergency cabinet for national salvation and for conducting a national referendum to ask the people if the rice market should be opened.

The Committee of Emergency Measures for Blocking the Rice Market Opening and other farmers' organizations issued statements in reaction to traitor Kim Yong-sam's special statement. In the statements they expressed regret that the government had decided to open the import of basic agricultural products, and they strongly called on the government to withdraw its rice import policy.

Over 1,000 farmers belonging to the Farmers and Fishermen's Association of Musan County, South Cholla Province and farmers from Tamyang County area held rallies to block the opening of the agricultural products market and staged street demonstrations.



Sternly condemning puppet traitor Kim Yong-sam's rice market opening, the farmers gathered in front of their county offices and burned a U.S. flag and a puppet symbolizing rice imports. Students from the General Federation of South Korean University Students staged a demonstration in Seoul on 9 December, chanting the slogans against rice imports. Through propaganda publications the students strongly condemned traitor Kim Yong-sam for his statement, which contained the clumsy excuses designed to escape punishment from the people and strongly called on Kim to immediately withdraw his rice-opening policy.

The struggle against traitor Kim Yong-sam's policy of opening the rice market is participated in by the people of all strata, including workers, farmers, young students, intellectuals, religious persons, and politicians. This is a very just, patriotic, and nation-loving struggle to check and frustrate traitor Kim Yong-sam's maneuvers to open the rice market and, thus, to save agriculture and farmers' rights to survival.

As everyone knows well, the opening of the rice market is a very serious problem related not only to the destiny of six million South Korean farmers and South Korean agriculture but also to the survival of the South Korean people as a whole and to the destiny of the South Korean economy. If the South Korean rice market is opened because of the South Korean puppet clique's treacherous and nation-selling policy, U.S. surplus agricultural products will be poured into South Korea. In this case, South Korean farmers will lose the foundation of their livelihood, a catastrophic influence will be imposed on the South Korean economy as a whole, and, consequently, the people's livelihood will fall into even more extreme difficulty.

According to a document published by a South Korean agriculture research institute, when the rice market is opened and when, as a consequence, surplus U.S. agricultural products pour into South Korea, South Korean farmers stand to lose as much as \$62.3 billion by the year 2000, and millions of insolvent South Korean rural inhabitants will flood into urban areas.

Indeed, the catastrophic consequences arising from traitor Kim Yong-sam's opening of the rice market will be inconceivably serious. Furthermore, because of the antipopular agricultural policy of the Kim Yong-sam ring, which has appeared under the guise of a civilian government, the farmers' survival is now in serious danger. The Kim Yong-sam ring has already partially opened the agricultural and stock-breeding products markets, giving in to the pressure of outside forces. This year the Kim Yong-sam ring put up a so-called new agricultural policy that played havoc with farming.

South Korean farmers are suffering from a poor harvest this year. To make things worse, the opening of the rice market will ruin agriculture and farmers, and the people will suffer. The Kim Yong-sam ring, which stops at nothing to achieve its insidious political ambition, is a

group of national treachery surpasses the Five Traitors of Ulsa [those who supported annexation to Japan in the early 20th century] and a group of flunkeyist traitors. This is why the South Korean people rose up to smash the group of nation-selling traitors and why the struggle against the Kim Yong-sam ring, which seeks the security of its regime in return for selling national interests, is being further expanded and strengthened.

The Kim Yong-sam ring should immediately renounce the maneuvers to open the rice market as called for by the people and step down from power without delay. If the Kim Yong-sam ring continues to advance along the road of treachery and nation-selling, it will meet stronger resistance and will not be able to escape ruin.

### **More Protests in South on Rice Issue Noted**

*SK1612055693 Pyongyang KCNA in English 0449  
GMT 16 Dec 93*

[Text] Pyongyang, December 16 (KCNA)—Rallies and demonstrations against the aggressive and treacherous rice market opening continued unabated across South Korea, according to reports from Seoul.

More than 2,000 students under the South Korean Federation of General Student Councils (Hanchongnyon) held a rally and a demonstration in Seoul on December 15 and burnt the stars and stripes, shouting anti-American, anti-"government" slogans in front of the U.S. Embassy.

On the same day, over 300 students in Taegu and 300 peasants in Chungju City of North Chungchong Province held rallies, bitterly denouncing the puppet authorities' rice market opening.

And the All-People Emergency Measure Committee for Checking Rice Market Opening declared December 18 "the third day of people for surviving our rice" and the "National Federation of Peasant Associations (Chon-nong) a period from December 14 to 20 a week of anti-American peasants' action. [no closing quotation mark as received]

### **Japan Said Blocking Solution of Nuclear Issue**

*SK1612105393 Pyongyang KCNA in English 1023  
GMT 16 Dec 93*

[Text] Pyongyang, December 16 (KCNA)—NODONG SINMUN today in a signed article exposes the aim sought by Japan in raising a hue and cry over the fictitious "nuclear threat" of the DPRK.

Its first aim lies in blocking a fair solution of the nuclear problem on the Korean peninsula and aggravating the situation and thereby isolating and stifling the DPRK, the paper notes, and goes on:

If the nuclear problem on the Korean peninsula is settled fundamentally through the DPRK-U.S. talks, Japan will lose the pretext to pursue a hostile policy toward the



DPRK and isolate and stifle our socialism. Hence its efforts to block the solution of the nuclear problem on the Korean peninsula by putting a brake on the DPRK-U.S. talks at any cost. Japan also intends to step up its conversion into a military power and its nuclear armament and gratify its wild ambition for militarist aggrandizement overseas on the pretext of "nuclear threat" from the DPRK.

Having lost the excuse to justify arms buildup after the collapse of the Soviet Union, the Japanese authorities are crying that the DPRK is a factor of a new "threat". They are spreading the lie about "nuclear threat from North Korea" to use it as a pretext to justify their arms buildup and thus lull public opinion at home and abroad against the conversion of Japan into a military power.

Still more grave is that the Japanese authorities are trying to justify the nuclear armament of Japan by charging the DPRK with the "nuclear problem".

Japan has chosen the Korean peninsula as the first target of its overseas military operation.

The Japanese militarists are aiming at Korea today. But they will stretch their crooked hand of aggression to Asia and the world tomorrow.

#### **West's 'Distorted' View of DPRK Economy Decried**

*SK1612110293 Pyongyang KCNA in English 1051  
GMT 16 Dec 93*

[“Base Demagogy of Imperialist Paid Trumpeters”—  
KCNA headline]

[Text] Pyongyang, December 16 (KCNA)—The Japanese NHK, the Voice of America and other Western media recently spread false rumours painting an extremely distorted picture of the economic situation of the DPRK, saying “North Korea has suffered a failure economically” and its “economy has deteriorated”.

This is a vile propaganda intended to harm and sling mud at the DPRK.

As is widely known through the communique of the 21st plenary meeting of the 6th Central Committee of the Workers’ Party of Korea held on December 8, the DPRK has made new great strides forward in all fields of socialist construction during the Third Seven-Year Plan even in face of an array of international events such as the frustration of socialism in the former Soviet Union and East European countries and the collapse of the world socialist market and under the complicated change of external environments.

During the plan period the economic and material foundations of the Korean-style socialism have been further consolidated and the people’s living has reached a high level compared with the period before the plan. This is a clear proof of the vitality of the socialist economy of Korea which has made a planned progress

on an independent basis despite the economic blockade of the imperialists and worldwide fluctuations.

This notwithstanding, paid Western media spread false reports about “an economic failure” of the DPRK. This is a mean ruse to tarnish the image of the Korean-style socialism centred on the masses and find fault with the ever mounting external authority and prestige of the DPRK.

The fact that trumpeters on the payroll of the imperialists, old hands at fabrication and plot-breeding, reversing the true reality, black into white, are speaking ill of us, vividly reveals their political and moral baseness and, at the same time, shows how the enemies feel jealous and fretted at the DPRK, the bastion of socialism, forcefully advancing while demonstrating the indestructible might of its singlehearted unity without any vacillation in whatever mad wind.

What should not be overlooked here in particular is the fact that the paid Western media in their anti-DPRK smear campaign tried hard to connect the “economic deterioration” with the fictitious “nuclear problem” of the DPRK in a far-fetched way.

We have declared more than once that we do not develop nuclear weapons and, therefore, it is wholly unreasonable to argue that “the economy has deteriorated” due to “the development of nuclear weapons”.

The subsidized Western media are attempting to build up public opinion in favor of their scheme to isolate and stifle the DPRK by connecting “economic deterioration” with the “nuclear problem” and thus attaching “authenticity” to the DPRK’s “nuclear program”. But this is to no avail.

Whatever intrigues the imperialists and seditious forces may resort to, they can never break the faith and will of the Korean people to further exalt the socialist economic system according to the revolutionary economic strategy set out by the Workers’ Party of Korea.

The imperialists and trumpeters on their payroll had better stop howling, cooling their heads overheated with dirty and dastardly anti-DPRK false propaganda.

#### **Environmental Delegation Departs for China**

*SK1612113993 Pyongyang KCNA in English 1033  
GMT 16 Dec 93*

[Text] Pyongyang, December 16 (KCNA)—A delegation of the State Environmental Committee of Korea headed by vice-chairman Chang Ki-pong left here today for a visit to China.

It was seen off at Pyongyang railway station by vice-chairman of the committee Yi Sang-nak.



**Condolences Sent on Death of Hungary's Antall***SK1612114493 Pyongyang KCNA in English 1042  
GMT 16 Dec 93*

[Text] Pyongyang, December 16 (KCNA)—Premier of the Administration Council Kang Song-san sent a message of condolence to Peter Boross, acting prime minister of the Republic of Hungary.

Upon hearing the sad news that Jozsef Antall, prime minister of the Republic of Hungary, died from illness, the message expressed deep condolences to the acting prime minister and the bereaved family.

**Kim Il-song Greet St. Kitts Prime Minister***SK1512231493 Pyongyang KCNA in English 1511  
GMT 15 Dec 93*

[Text] Pyongyang, December 15 (KCNA)—President Kim Il-song of the Democratic People Republic of Korea today sent a message of greetings to Kennedy Simmonds upon his reassumption of office as prime minister of St. Kitts-Nevis.

President Kim Il-song in the message expressed the belief that the friendly relations between the two countries would further develop, and wished him success in his work for prosperity of the country.

**Cultural Agreement With Mongolia Signed***SK1612061993 Pyongyang KCNA in English 1031  
GMT 15 Dec 93*

[Text] Pyongyang, December 15 (KCNA)—A 1993-1995 plan for intergovernmental cultural cooperation of the DPRK and the state of Mongolia was signed here today.

The plan was signed by Chon Yon-ok, vice-chairperson of the Committee for Cultural Relations with Foreign Countries, and D. Gongadorj, Mongolian ambassador to Korea.

**Kim Chong-il Sends Birthday Table to Scientist***SK1612113393 Pyongyang KCNA in English 1018  
GMT 16 Dec 93*

[Text] Pyongyang, December 16 (KCNA)—Dr. Ok Chi-hun, a merited scientist of the Vinalon Research Institute of the Hamhung branch of the Academy of Sciences, received a birthday table sent by the dear leader Comrade Kim Chong-il on his 70th birthday.

Dr. Ok Chi-hun worked his way through university in Japan and South Korea but could not succeed in his scientific pursuits in his youth. It was not until he found himself in the care of the northern half of Korea during the fatherland liberation war that he could realize his dream.

He contributed to developing the chuche-based vinalon industry of the country by solving difficult and complex scientific and technological problems in constructing the

vinalon factory and increasing its production capacity and in constructing the Sunchon vinalon complex. He also authored some technical books including "Vinalon" and scores of scientific papers and trained several doctors and associate doctors.

Sayino always feels grateful for the warm loving care that has enabled an intellectual like him who had been abandoned and forsaken everywhere in the past to follow his scientific pursuits, he vowed to live up to the loving care and benevolence of the dear leader who sent even a birthday table by registering big successes in his scientific research work.

**Construction Law Praised as 'Most Superior'***SK1612100693 Pyongyang Korean Central  
Broadcasting Network in Korean 0603 GMT 12 Dec 93*

[Unattributed talk: "Our Construction Law is the Most Superior Construction Statute"]

[Text] The Sixth Session of the Ninth Supreme People's Assembly [SPA] opened amid the great interest of all people throughout the country and adopted a DPRK Construction Law, which is of great significance in increasing the country's might and guaranteeing the people's happy life.

The entire country and all people are vigorously struggling to resolutely safeguard, adhere to, and further glorify the popular mass-centered socialism of our own style by single-heartedly uniting around the party and the leader [suryong]. The adoption of the DPRK Construction Law at such a time will serve as another meaningful occasion to vigorously demonstrate the justice and vitality of the construction policy of our party and the government of the republic and to provide the abundant and civilized material and cultural life for the people more satisfactorily.

The great leader Comrade Kim Il-song has taught: The basic construction occupies a very important position in guaranteeing an even rate in the socialist extended reproduction and in constantly raising the people's standard of material and cultural living.

Construction in the socialist society is a great work to remold and transform nature, as well as a rewarding work to achieve the prosperity and development of the country and to provide an abundant and civilized material and cultural life for the people.

Over the past years, our party and people have carried out massive construction projects—which others could not accomplish even for hundreds of years—under the wise leadership of the great leader Comrade Kim Il-song and the dear leader Comrade Kim Chong-il. They have very early brought about the brilliant victories and proud achievements in the construction, which are unprecedented in the history of construction, and opened the golden age of the construction and the flowering time of architecture.



The DPRK Construction Law adopted this time is the most perfect construction statute which has legally codified the *chuche*-oriented construction policy of our party and the brilliant achievements gained by the people in the construction sector. In its comprehensive size and composition, our Construction Law is a new style statute differ from other countries' construction laws, as well as a construction statute that has fully legalized the revolutionary principles and scientific methods to develop the construction on our own way.

Our Construction Law is, first of all, the most superior construction statute of regarding the *chuche*-oriented construction idea and policy of our party as an ideological and theoretical basis and a leading guideline.

Based on the immortal *chuche* idea, the great leader Comrade Kim Il-song presented an idea to carry out the construction by our own might in conformity with the aspiration and demands of our people and with the specific conditions in our country. In this way he elucidated the most correct way to strongly build *chuche* in the construction.

The great leader Comrade Kim Il-song presented a policy of correctly deciding the major construction projects and giving priority to them; of hastening to the maximum the period of construction by industrializing and modernizing construction; and of raising the speed and quality of the construction. Also, he presented a policy of prospectively carrying out the construction in a planned manner; guaranteeing the construction designs prior to the construction; specializing construction ranks; and establishing strict discipline and order in the construction.

The *chuche*-oriented construction ideas, theories, and policies elucidated by the great leader Comrade Kim Il-song have been further developed and evolved at a new higher level in the development of our revolution in which we are carrying out the program of modelling the whole society after the *chuche* idea.

The dear leader Comrade Kim Chong-il published an immortal and classical work "The Theory of Architectural Arts;" further developed and evolved a *chuche*-oriented construction idea and theory; and fully and perfectly elucidated all theoretical and practical problems in the architectural fields.

Our party's construction policy, which has brilliantly embodied the far-reaching construction plans and the *chuche*-oriented architectural ideas of the great leader Comrade Kim Il-song and the dear leader Comrade Kim Chong-il, is the most revolutionary policy which has been correctly reflecting the demands of our developing revolution and our people's aspiration and demands. This is also the most just policy based on the superiority of the popular masses-centered socialism of our own style.

The Construction Law adopted this time is the most superior construction statute of defining the *chuche*-oriented and original construction policy of our party as an ideological and theoretical basis and a leading guideline.

Our Construction Law is also the most superior statute that defines scientifically the basic mission of the Construction Law and the basic principles to be maintained in construction according to the essential characteristics of the socialist system of our own style and the basic goal of socialist, communist construction.

Our Construction Law clearly shows its genuine people-oriented character by defining its basic mission as guaranteeing a high speed of the socialist extended reproduction and contributing to raising the people's material and cultural lives.

The Construction Law defines the basic principles to be consistently maintained in construction to establish *chuche* in the construction, to concentrate and industrialize, and to regularize and normalize construction.

Therefore, the Construction Law has presented a basic key for enhancing the speed and quality of the construction by successfully carrying out the construction; focusing on the strengthening of major facilities; strengthening the material and technological foundation in the construction sector; and thoroughly establishing system and order in the construction work in conformity with the aspiration and interest of our people, the concrete reality of the country, and its natural and geographical conditions.

The Construction Law has also regulated a general construction plan as the basic contents of the construction work and fully defined principle and order to be observed in formulating the general construction plan.

By defining fundamental requirements and establishing the construction statement issuance system for correctly formulating the general plan of the industrial construction, urban and rural construction, and categorized construction, the Construction Law has enabled us to accurately define the direction and scale of construction in conformity with the people's increasing material and cultural needs and the demands of economic development, to provide people with the hygienic and cultural living environment, and to prospectively carry out construction according to the unified and comprehensive plan.

By defining construction design, along with general construction plans, as the basic content of construction project, the Construction Law also stipulates the need to properly establish a system of mapping out construction designs and make a rational use of the designing force to give precedence to design in construction.

The Construction Law defines tasks and ways of properly considering economic effectiveness in the stage of



designing and correctly applying the principle of national in style and socialist in content in designing.

Construction is work responsible for setting up grand construction projects. The Construction Law correctly regulates the issues of principle arising in construction, including the issue on endlessly enhancing the level of industrialization and modernization by establishing firm material and technical foundation, and on undertaking construction in conformity with demands of designing and technical regulations.

The Construction Law, by strengthening the system of inspection of buildings upon completion, stipulates the legal requirements on using or starting operations after passing building inspection tests.

The state guidance for and control over construction is one of the most important contents of construction work. The Construction Law manifested specific duties of the state institutions and supervisory and control institutions and extensively regulates questions arising in properly carrying out their responsibilities and roles.

Such legal restrictions firmly ensure us to precisely carry out the construction plan, to abide by the cooperative construction standards, and to improve construction work and the quality of building objects by assimilating the success of the advanced construction science and technology and the experience in construction.

The DPRK Construction Law is the basic law of the construction domain fully reflecting the construction policies of the Workers Party of Korea and our government, the most popular legal means of successfully providing the Korean people with conditions for an independent and creative life on the highest level, and a revolutionary code indicating the way of harnessing and transforming nature as required by *chuche*.

The adoption of the Construction Law will strongly inspire the struggles of our people who are vigorously advancing to defend the popular mass-centered socialism of our own style to the end and displaying fully its superiority by singleheartedly united around the party and the leader [*suryong*], overcoming the complicated situation. The law of the country in the socialist society is an opinion of the popular masses, and strictly defending, precisely abiding by, executing the law are sacred civil duties.

All the institutions, enterprises, organizations, and citizens should thoroughly abide by the Construction Law adopted at the Sixth session of the Ninth Supreme People's Assembly so as to brilliantly achieve the grand construction plan of the great leader [*suryong*] and the construction policies of our party. In so doing, the socialist cause would be consummated and the historical cause of reunifying the fatherland would be accelerated.

### **Chondoist Chongu Party Adopts New Platform**

*SK1612113593 Pyongyang KCNA in English 1032  
GMT 16 Dec 93*

[Text] Pyongyang, December 16 (KCNA)—The 22nd plenary meeting of the 6th Central Committee of the Chondoist Chongu Party held in Pyongyang on December 16 discussed the draft platform and statute worked out and presented by its Central Committee in conformity with the requirements of the advancing reality? decided to submit them to its organisations and party members for consideration on the premise that it would be adopted at its congress.

The newly-drafted platform of the party reads:

"The Chondoist Chongu Party is an independent and democratic political party which works to protect the interests of the Korean nation and chondoists.

"Our party shall take as its guideline the idea of 'humanity is god' of Tong Hak (eastern church) which inherits the paedal national spirit of respecting and valuing humanity.

"It shall take over the spirit of the independence of the nation who has demonstrated worldwide the honor of having a state of a homogeneous nation for 5,000 years since the rise of Korea of Tangun and the tradition of patriotism and national unity displayed by forerunners in the Kapo peasant war, the march first uprising and the anti-Japanese sacred struggle for national liberation.

"It shall strengthen cooperation and solidarity with organisations and personages of all strata including patriotic political parties at home and abroad and Taejonggyo, a religion of the paedal nation, in all its activities to put its idea and goal into practice.

"The immediate goal of our party is to achieve an independent and peaceful Reunification of the country through the great unity of the whole nation and materialize a society of equality, and the final goal is to build an earthly paradise, an ideal world where all the people enjoy all happiness and comfort."

The platform lays down a 9-point basic task to attain the great goals.

The basic task is to reject foreign aggression and interference in the spirit of national independence against the western barbarians and japs and defend the national dignity and sovereignty of the country, to put an end to the territorial partition and national division in the spirit of the paedal nation and found an independent, peaceful and neutral pan-national unified state through a confederacy, the platform says.

It says the basic task is also to oppose domination and subjugation between countries and nations and realize equality of all throughout the world and to develop friendly and cooperative relations with the political



parties, organizations and individual figures of all countries in the world on the principles of independence, peace, friendship and mutual benefit.

The 7-chapter and 32-article statute of the party was revised into a 7-chapter and 43-article one.

A plenary meeting of the Central Committee of the Korean Chondoists Association held today discussed the draft statute of the Korean Chondoists Association raised by the central guidance committee of the association with some amendments and supplements to meet the requirements of the advancing reality, and decided to bring it to the chondoists for deliberation on the premise that it would be formally adopted at a congress of chondoists in the foreseeable future.

#### **Pomminnyon Publishes Platform, Statutes**

SK1612114193 *Pyongyang KCNA in English 1040*  
GMT 16 Dec 93

[Text] Pyongyang, December 16 (KCNA)—The program and statute of the National Alliance for the Reunification of the Country (Pomminnyon) was published simultaneously in Pyongyang, Seoul and Tokyo Thursday.

They were completed through repeated discussions among Pomminnyon-related people in the North, the South and overseas.

Paek In-chun, chairman of the North side headquarters of the National Alliance for the Reunification of the Country, called a press conference in Pyongyang and published the program and statute.

The program consists of seven paragraphs.

It stipulates that Pomminnyon respects the three principles of national reunification—independence, peaceful reunification and great national unity—laid down in the July 4 joint statement and programs and proposals adopted on their basis and all the joint agreements of the nation and regards them as the basic guideline of its activities.

It stipulates that a confederal state with two systems and two governments in the North and the South (the South and the North) co-existing, a national unified state that represents the will and desire of all the members of the nation, shall be established on condition that the North and the South (the South and the North) admit and respect each other's differing ideologies and systems.

The statute is composed of five chapters and 23 articles.

It includes the general rules, the principle and structure of the organisation, regional organisations, etc.

It stipulates that Pomminnyon, the nationwide umbrella organisation of the reunification movement the goal of which it is to achieve the great unity of the whole nation and the independent and peaceful reunification of the

country, is composed of patriotic political parties, organisations and figures in the North and the South (the South and the North) and overseas.

The National Rally for the reunification of the Country, the supreme decision-making body of Pomminnyon, shall be convened once every two years and extraordinary or emergency rally be held, if necessary.

Pomminnyon shall operate a presidium of 51 co-chairmen, which is composed of the chairmen and vice-chairmen of the North and South (South and North) and overseas headquarters (one chairman and sixteen vice-chairmen from each headquarters).

Pomminnyon shall set up a joint secretariat and have its headquarters in the North, the South (the South and the North) and overseas.

The overseas headquarters shall have its regional headquarters in Japan, the United States, Europe, CIS, China, Canada, Australia, etc.

#### **DFRF Central Committee Holds Meeting 16 Dec**

SK1612114693 *Pyongyang KCNA in English 1100*  
GMT 16 Dec 93

[Text] Pyongyang, December 16 (KCNA)—An enlarged meeting of the Central Committee of the Democratic Front for the Reunification of the Fatherland [DFRF] was held here today.

The meeting was attended by Vice President Kim Pyongsik, vice-premier Chang Chol, chairman of the Central Committee of the Chondoist Chongu Party Yu Mi-yong and presidium members of the Central Committee of the Democratic Front for the reunification of the Fatherland.

The meeting discussed the question of accomplishing the cause of national reunification in the '90s with a great unity of the whole nation and glorifying the 5,000 year-long history of Korea of Tangun.

Chong Tu-hwan, presidium member of the DFRF Central Committee, in his report said that the discussion of the national cultural heritage at the recent sixth session of the ninth Supreme People's Assembly, which was its main agenda item, was a clear expression of the unshakable will and stand of the Workers' Party of Korea and the DPRK government to defend and exalt the achievements in the proper inheritance and development of the national cultural heritage representing the spirit and resourcefulness of the Korean nation and accelerate the cause of the country's independent and peaceful reunification. I "the excavation of the tomb of Tangun scientifically proved that Tangun who had been known as a mythical man was a historical character who actually existed. This was an epochal event which powerfully demonstrated the long history and homogeneity of our nation once again to the world," the reporter said.



He stressed: "Ours is one nation which must be reunified in view of history and in view of blood and for its eternal prosperity. All the Koreans in the North, in the South and overseas must fight more vigorously to achieve reunification in the 90s, upholding the ten-point program of the great unity of the whole nation as a common banner."

Speaking at the meeting, leading officials of political parties and public organisations, who are members of the Central Committee of the Democratic Front for the Reunification of the Fatherland, stressed the need to strictly preserve the intrinsic spirit of national independence by inheriting and developing the long history and brilliant cultural heritage of the nation, and, on this basis, accomplish the great cause of national reunification, the national historic task.

An appeal to all the Koreans at home and abroad was adopted at the meeting.

The appeal calls upon the entire Korean people at home and abroad to reject flunkeyism and national nihilism that corrodes the consciousness of national independence with one mind to defend the independence of the nation as their life and upon the communists and nationalists, the haves and have-nots, the atheists and theists to restore the true features of the nation, joining hands with each other, irrespective of differences in ideology and idea.

It calls upon all the compatriots in the North, in the South and overseas to rise in the struggle to check the new war provocation moves of the imperialists and treacherous forces and fight more courageously to achieve the reconciliation and unity of the nation.

### **KCNA Reports Progress in Light Industry**

*SK1612053093 Pyongyang KCNA in English 0456 GMT 16 Dec 93*

[Text] Pyongyang, December 15 (KCNA)—Significant achievements have been made in the development of the light industry of Korea during the period of the third seven-year plan (1987-1993), bringing a new turn in consumer goods production.

The state has paid particular attention to the consolidation of the material and technical foundations of the light industry by annually increasing investments in this field during the fulfilment of the long-term plan.

In this period, modern and high-speed equipment has been introduced into large-scale light industrial factories including the Pyongyang textile combine to improve the quality of products and largely boost production capacity.

A new pneumatic spinning shop was commissioned at the Kaesong textile mill to lift the yarn output 40 percent and technical remoulding of equipment has been carried

out, making it possible to increase the yarn output by thousands of tons and that of textiles by nearly 10 million metres annually.

The Yongbyon silk mill has doubled its production capacity by building a modern production base of silk of broad breadth.

Modernly equipped shoemaking bases including the export general shop of the Sinuiju shoemaking factory and the injection-moulding shop of the Pyongyang vinyl chloride shoemaking factory and injection-moulding boot shop of the Sunchon shoemaking factory cropped, sharply augmenting the output of shoes and markedly improving their quality.

Local industry, too, has made a fast progress, lifting production 70 percent.

Several dozen garment, foodstuff and daily necessities factories have been made their appearance, among them the Kaesong Aeguk garment factory, the Hungnam towel mill, the Wonsan and Kowon export garment factories and the Samjiyon soft drink factory.

And the Sakju foodstuff factory, the Hwangju textile mill, the Pyongyang fur processing mill and many other factories have been modernized and broad local raw material bases built. A large number of branch factories, shops and workteams for "August 3 consumer goods" have been set up to increase the production of consumer goods at faster pace. Consumer goods of more than 10,000 kinds produced here are popular among the people for quickly catering to their tastes.

With the steady development of the light industry, the people's life is getting more affluent.

### **South Korea**

#### **UN Chief May Mediate in Nuclear Issue**

*SK1612022193 Seoul YONHAP in English 0212 GMT 16 Dec 93*

[Text] United Nations, Dec. 15 (YONHAP)—U.N. Secretary-General Butrus Butrus-Ghali has not ruled out the possibility of his acting as a mediator on the North Korean nuclear issue.

If North Korea asked for his help in solving the nuclear problem, he would give it, the U.N. leader told South Korean reporters on Wednesday, just a week before he makes official visits to Seoul and Pyongyang. He could even become a North Korean messenger, Butrus-Ghali said. He said he was negotiating a visit to Beijing after Pyongyang, and hinted that in Beijing he might discuss the nuclear issue with the Chinese leaders.

Asked the purpose of his trip to Seoul and Pyongyang, he said it was "a goodwill visit" and he would hear the leaders of the countries speak their views on the nuclear problem and collect as much information on it as possible. He would not discuss the North Korean nuclear



issue, but said he hoped that negotiations between the countries concerned would proceed well. He said he had not had any discussion with the U.S. Government about his visit to Pyongyang.

Asked if he would report to the Security Council after his return, he said it would depend on the situation.

Butrus-Ghali will cross the Demilitarized Zone at Panmunjom to travel to Pyongyang and will proceed either to Beijing or to Tokyo by air from Pyongyang. He is the first U.N. secretary-general to visit both South and North Korea since they became U.N. members in 1991.

#### **Government Prepares for Possible S-N Dialogue**

*SK1612033393 Seoul SEOUL SINMUN in Korean  
14 Dec 93 p 1*

[Text] Upon analyzing North Korea's party reorganization which ended on 11 December, the government assessed that North Korea may show some activeness regarding the South-North dialogue and decided on 13 December to prepare for the possible resumption of the South-North dialogue in order to resolve North Korea's nuclear issue.

In this connection, a government official said: "The government is taking notice of the facts that North Korea appointed Kim Yong-chu who was the chairman of the South-North Coordinating Committee in the early seventies and who played a leading role in the South-North dialogue, as a member of the Political Bureau of the North Korean Workers' Party of Korea's Central Committee and as North Korea's vice president; Kim Pyong-sik who was an adviser to the Red Cross talks, as vice president; and Paek Nam-chun, negotiator in talks with South Korea as a member of the Reunification Policy Deliberation Committee of the Supreme People's Assembly. These moves are being construed as advance measures for changes in North Korea's party, government, and parliamentary policy towards the South in order to dissolve the cool South-North relations."

This official added: "In North Korea's party reorganization, the role of the experts on South Korean affairs advocating an open policy such as Kim Tal-hyon has been reduced, but we must take into consideration the fact that North Korea established laws and ordinances on foreign investment and is professing trade as the most important matter in its new economic strategy." The official viewed that North Korea will continue to adhere to the line of opening up on a limited basis. Regarding North Korea-U.S. negotiations on the nuclear issue, another government official said: "It is known that North Korea will notify the U.S. side of its new position sometime this week. Therefore, the likelihood of having rapid progress or delay in resolving North Korea's nuclear issue is fifty-fifty. The government is preparing for both possibilities."

#### **Government To Expand Supply of DPRK Medicines**

*SK1612101993 Seoul MAEIL KYONGJE SINMUN in Korean  
15 Dec 93 p 2*

[Text] The government has decided to give priority to North Korean herb medicines in introducing foreign herb medicines by actively supplying North Korean herb medicines through South-North direct trade.

On 14 December, the Board of National Unification said, "The possibility of direct trade between South and North Korea has been confirmed as North Korea acceded to our government's active suggestion for South-North direct trade with its focus on herb medicines, which was made last year." It also said, "The government will actively promote South-North direct trade next year, too, by giving priority to North Korean herb medicines in assigning estimated imports of herb medicine from each country."

Eight kinds of herb medicines—including *atractylodes chinensis*, *atractylodes macrocephala*, *pinellia ternata*, *umyanggwak* [as transliterated], and glutinous rehmannia—have been introduced from North Korea. A total of 621 tonnes (\$2,593,000) of North Korean herb medicines was imported in 1991; 1,684 tonnes (\$4,563,000) were imported in 1992; and 604 tonnes (\$1,819,000) were imported during the period from January through October 1993.

As the production of domestic herb medicines does not meet the demand of domestic consumption, North Korean and Chinese herb medicines have been very popular in the ROK. Hyosong Products and seven other companies, in particular, have promoted direct trade with North Korea.

#### **Daily on DPRK Leadership Position Changes**

*SK1612004193 Seoul HANGYORE SINMUN in Korean  
16 Dec 93 p 2*

[Text] It was confirmed that former North Korean Vice Premier Kim Tal-hyon, who was dismissed from his position at the North Korean Workers' Party of Korea [WPK] Central Committee plenary session and the Supreme People's Assembly, has been appointed as the general manager of the Suncheon vinylon complex.

It was also confirmed that WPK Secretary Kim Yong-sun has been dismissed from the position of alternate member of the Political Bureau of the WPK Central Committee, but that he is continuing to be in charge of his original work of dealing with South Korean affairs.

#### **President Appraises Country's Gains in GATT**

*SK1612070193 Seoul THE KOREA TIMES in English  
16 Dec 93 p 2*

[By Staff Reporter Kim Song-pok]



[Excerpt] In a hairpin turn from his Dec. 9 public apology for the government decision to open the domestic rice market, President Kim Yong-sam is bearing the standard in publicity about what he has called the satisfactory result of the Uruguay Round of negotiations.

Visiting the Korea Military Academy Tuesday, the Chief Executive said in an address at lunch with cadets, "There is no other country that received better terms on market opening than us out of the 116 member nations." He explained the new GATT deal and the process of the negotiations to the cadets and called upon them to spread the news when they visit their hometown soon.

The President went as far as to label a "lie" the report that the government had tried to protect the rice market at the expense of the beef market. On top of this, President Kim has told the Cabinet to carry out an all-out publicity campaign about the outcome of the Uruguay Round talks, beginning yesterday.

Kim's expression of satisfaction has drowned out a growing voice charging top economic planners with a "rough-and-ready" policy against the rice market opening. [passage omitted]

#### **Economic Secretary Discusses UR Negotiations**

SK1612084693 Seoul KYONGHYANG SINMUN in Korean 15 Dec 93 p 4

[Article by reporter Kim Chung-il on an interview held with Pak Chae-yun, senior secretary to the president for economic affairs, by reporters on 14 December; place not given—first two paragraphs are introductory remarks]

[Text] Pak Chae-yun, senior secretary to the president for economic affairs, who was known to be in a difficult position regarding the issue of opening the rice market, held an interview with reporters on 14 December and talked about the process of the Uruguay Round [UR] negotiations, future measures resulting from the UR negotiations, and measures for farms and fishing villages to take in the future.

Senior Secretary Pak said: "Claims that we made concessions on beef in order not to open the rice market are not true at all. The most difficult problems in negotiations with the United States on agricultural products were on the minimum rice market access rate and the import quota of beef."

[Reporter] There are claims that beef was compromised in order not to open the rice market.

[Pak Chae-yun] That is not true. Rice and beef were the only issues remaining in the final talks between [ROK Agriculture, Forestry, and Fisheries] Minister Ho Sin-haeng and [U.S.] Secretary [of Agriculture] Espy. The other issues had already been resolved. According to the 1987 GATT agreement, beef imports will be liberalized

from 1 July 1997. A tariff rate of 20 percent was also agreed upon. Because the UR negotiations came up, however, it was decided to include the GATT agreement in the UR negotiations.

This is because beef imports may reflect the domestic and foreign price margin in tariffication. The period of tariffication for advanced countries is six years and it is 10 years for developing countries. Therefore, if we take advantage of the UR negotiations and are recognized as a developing country, the 1997 liberalization of the beef market may be postponed until 1 January 2001.

The existing agreement with GATT is to open the beef market in 1997 with a 20 percent tariff. However, as a result of the UR negotiations, beef liberalization will be carried out from 2000 with a 40 percent tariff.

[Reporter] With the enormous increase of the import quota, livestock farms will be faced with a heavy burden.

[Pak] The import quota is not a problem. The import quota agreed upon by 2001, which is the period of tariffication, will be 127,000 tonnes by 1995 and 225,000 tonnes by 2000. Actual import records for 1992 was 126,000 tonnes. Therefore, there is no problem here.

[Reporter] Do you think that the telephone conversation between the presidents of the ROK and the United States had an influence in the negotiations?

[Pak] When Presidents Kim and Clinton talked over the telephone on 7 December, the concrete grace period and the minimum rice market access rate had not been set. In the telephone conversation President Kim said: "Giving up on our determination to not open the rice market to accept the grace period is a very difficult decision for us to make. Please reflect the ROK's position on conditions for opening the rice market to the utmost."

In this connection President Clinton said: "I greatly respect Your Excellency's decision." The telephone conversation had a decisive influence on the negotiations. At this time the grace period was in a state of flux and we thought that the minimum rice market access rate would be around three to five percent.

[Reporter] Which part of the negotiations was most difficult?

[Pak] In the ROK-U.S. working-level negotiations which lasted from 1930 to 0100 the next day on 12-13 December, all items except for rice and beef were completely settled. The issue of rice and beef were passed over to the ministers meeting. The most difficult part of the negotiations was to settle the minimum rice market access rate and the quota for beef imports.

The United States first insisted that the import quota of beef should be 280,000 tonnes, then 260,000 tonnes, and finally 250,000 tonnes. The United States said that an import quota less than this would not be allowed.



[Reporter] Were the agreements made between the ROK and the United States accepted without any problems?

[Pak] Another problem arose when this was submitted to GATT Secretary-General Sutherland. He claimed that after viewing the agreements made between the ROK and the United States, he could not persuade other countries to make concessions in this field. He demanded that the minimum rice market access rate be raised to three to five percent. Our delegation strongly protested by asking if it was possible for the Secretariat to raise rates agreed upon by the parties concerned. Mr. Sutherland then demanded that the minimum rice market access rate be 1.5 to five percent but our side once again protested.

[Reporter] When did Chongwadae approve of the agreements made between the ROK and the United States?

[Pak] When the negotiating delegation called Chongwadae at 2300 on 13 December, it requested approval for the agreements made between the ROK and the United States. At first, in connection with the items that were added, Chongwadae expressed disapproval by saying: "We may be misunderstood unnecessarily." However, when the negotiating delegation pointed out that the multi-faceted negotiations may be broken off, Chongwadae finally approved it. President Kim received such a report at 2000, when the ROK-U.S. negotiations were over.

[Reporter] Which point was the most difficult crisis in the negotiations?

[Pak] The strategy of delaying negotiations as much as possible was most effective. We left the issues of the grace period and the minimum rice market access rate unresolved to the end. With these two issues unresolved, other countries including Japan, protested to the United States because rumors were spreading that the ROK would gain more favorable conditions in its agreement. New Zealand, Australia, and Thailand showed moves towards restraint. I believe this was the most difficult crisis.

[Reporter] What measures are being prepared for the future?

[Pak] The main problem is to come up with measures for the farms and fishing villages. An agriculture and fishery related ministers meeting will be held on the morning of 16 December. With the measures provided by the Ministry of Agriculture and Fisheries, a final decision will be made after hearings and discussions are made by the three sum-committees. The greatest task is to achieve industrialization of farms and to give direct compensation to farmers. For example, compensation in case of disasters in farms and a pension system for farmers are included in the measures being considered by the Ministry of Agriculture and Fisheries.

**U.S. Ambassador Cited on Uruguay Round Terms**  
*SK1612065093 Seoul YONHAP in English 0641 GMT 16 Dec 93*

[Text] Seoul, Dec. 16 (YONHAP)—U.S. Ambassador to South Korea James T. Laney, beaming at the success of the Uruguay Round [UR], said Thursday that the terms to Seoul's rice market opening are "rather generous."

"The agreement at the Uruguay Round did indicate a great degree of sensitivity for farmers in Korea," Laney told a luncheon with the Kwanhun Club, a fraternity of senior journalists. The terms were "rather generous, most generous of all," he said.

In his first official encounter with the Korean media, the ambassador championed open trade and virtually refused to comment on anything else.

Laney, asked his projections on the North Korean nuclear issue, said Seoul and Washington are "of common mind" on the matter. But asked the options if Pyongyang refuses international nuclear inspections, Laney answered, "it's inappropriate to speculate on what would happen if they do not." The matter would presumably return to the United Nations Security Council, he said.

"That's where the whole issue stands now," he added.

"Korea has prospered because of open markets, not because of closed markets," Laney said in a 20-minute opening speech pounding on the benefits of free trade.

"You have seen Korea learn imported technologies, profit from imported knowledge, enjoy imported products," he said.

"Korea faces an even more difficult time than the United States did in persuading its citizens that the long-term, open global choices are indeed the best for everyone... But I think that it is necessary that the Korean people learn about the benefits of free trade."

He urged newspapers to help communicate these benefits to the people.

"The citizens of Korea will learn that both exports and imports benefit them, even as they increase trade around the world," said Laney.

Anti-U.S. sentiment is creeping up again among people who believe that Washington is responsible for Korea's kneeling to the UR principle of non-exceptional tariffication.

Laney, noting that the UR was not a bilateral forum but multilateral, said Korean farmers are not competing with U.S. farmers and that "was not the intent of this agreement."

On the North Korean nuclear issue, Laney cautiously reflected optimism based on "combined U.S.-Republic



of Korea understanding and bonds." He belittled recurring U.S. press reports of mounting tension on the Korean peninsula, saying the Seoul-Washington deterrence capability "is overwhelming."

"There needs to be a lot less speculation," he said of the reports.

Asked to evaluate North Korea's nuclear capability, Laney simply said it is up to the International Atomic Energy Agency (IAEA) to make that determination.

"We leave it, voluntarily left it, in the hands of IAEA, we await their action," the envoy said.

While keeping mum on the annual "Team Spirit" South Korea-U.S. joint military exercise, the ambassador said the possibility of halting this and other exercises are within the capability of both countries.

### **Reciprocity Demanded in Opening Financial Market**

*SK1612025993 Seoul THE KOREA HERALD in English 16 Dec 93 p 8*

[Text] Korea will not offer MFN (most-favored-nation) status in further opening of its financial market to countries that do not provide the same benefits.

Seoul's application to "derogate" from the MFN principle in some "future market opening measures" was contained in its final offer list of financial liberalization plans submitted to the General Agreement on Tariffs and Trade, a day before the comprehensive settlement of the Uruguay Round free-trade talks in Geneva Tuesday.

The Ministry of Finance said yesterday that the latest Korean move came in line with the overall trends of major financial negotiating participants to withhold the MFN clause in future market opening, which it said was sparked by the U.S. position to differentiate its trade partners in the financial sector.

Ministry officials said the United States came up with the "two-tier" formula in providing its financial market access to foreigners. Under the plan, Korea is included in the second-tier group of countries whose market opening level for U.S. financial institutions does not match those of the United States. Washington plans to deny such countries access to new market entries, business expansion and handling new business, they said.

The GATT's director-general, fearing the financial service talks would break up owing to the increasing deviation from MFN by major negotiators, came up with a compromise plan that will seal up the sectoral talks at the present stage and allow the participants to present revised offer lists, including applications for MFN derogation, by resuming negotiations for six months four months after the overall round takes effect, the officials said.

Some countries, including the European Community and Hong Kong, opted to submit best offer lists without applying for MFN derogation, they said. Others, including the United States and Japan, will likely "downgrade" their offer lists that will be presented to GATT on the deadline Wednesday.

"Korea has decided to present its modified offer list, while reserving the right to deviate from the MFN provision, as a preparation for the possible 'deterioration' of the U.S. offer list," said Yi Chong-ku, director of the international finance division.

Korea's final offer list, in addition to the original list that included six points of the government's blueprint (of financial liberalization and market opening), features two new concessions—not conducting "economic needs test" in licensing the establishment of foreign bank branches in Korea and allowing foreigners to develop new financial products "within the boundary of related laws and regulations." Besides, the final offer specifically increased the oversold position limit in spot foreign exchange dealings to 3 percent of average outstanding amounts of foreign exchange purchase in the previous month, compared with the present 2 percent, and to 2 percent of net worth or \$3 million, from the present 1 percent or \$2 million, whichever is greater.

The two additional concessions will pose little problems to the domestic financial institutions, Yi said, as they are more "revision of expressions" of the existing market opening program.

Critics, however, said the government has made additional concessions which it could have avoided in order to get a better deal in the rice market opening, but that the whole scheme proved to be not so relevant after all.

### **Ministry Announces 1995 Meat Import Quotas**

*SK1612060193 Seoul YONHAP in English 0456 GMT 16 Dec 93*

[Text] Seoul, Dec. 16 (YONHAP)—Import quotas for pork and chicken in 1995, the first year of market opening, are 21,930 tons and 7,700 tons, respectively, the Agriculture, Forestry and Fisheries Ministry said Thursday. Minimum market access for pork will be 29,240 tons in 1996 and 18,275 tons in the first half of 1997. The current tariff of 25 percent will stay in place.

Korea's pork and chicken markets will be open from July 1997, and tariffs on the meat will rise to 33 percent and 30 percent, respectively, ministry officials said. The pork quota in 1995 is 3 percent of domestic consumption in 1992, 731,000 tons, and will increase to 4 percent in 1996 and 5 percent in 1997.

Minimum market access of chicken is 10,400 tons in 1996 and 6,500 tons in the first half of 1997 with the current tariff of 20 percent. Domestic consumption of chicken is estimated at 200,000 tons a year.



**Post-GATT Trade Relations With U.S. Assessed**  
*SK1612060993 Seoul YONHAP in English 0529 GMT*  
*16 Dec 93*

[Text] Washington, Dec. 16 (YONHAP)—Seoul and Washington are said to have totally different ideas about trade prospects now that Korea has painfully agreed to open its rice market in the new world trade accord. The Koreans expect the economic giant to ease up on the trade pressure now that they have surrendered on the marginal issue of rice, while the Americans would like to push their luck further. The trade partners are not on exactly good terms over Korea's prosecution of American businessmen on charges of illegal sales.

A U.S. Commerce Department official says he cannot understand why Seoul dealt so heavily with Amway Co. and arrested general manager David Ussery on charges of pyramid sales and violating the door-to-door sales act.

Although the Korean Government says that the decision was made independently by the judicial branch, more than a few people in Washington see it as retaliation for U.S. pressure on rice market opening, the official says. He hinted that Washington will not weaken its trade pressure on Korea despite rice market opening and conclusion of the Uruguay Round [UR] pact.

The United States is still dissatisfied with the financial market situation in Korea and Japan, he says, and is likely to focus on breaking more trade barriers in Korea, Japan and China next year.

A visiting representative from Seoul says that the U.S. Treasury Department recently asked to resume negotiations in the financial sector, asserting that rice and finance are two separate issues.

U.S. NEWS & WORLD REPORT says that Korea, together with Spain and Mexico, will be next year's most attractive market for securities investment in its weekly edition released on Monday.

Washington has made it clear that it is not finished with restrictive foreign trade practices despite the multinational free trade agreement, sending a warning to Korea. It has said that it will retain its own tough trade laws, including the fearsome section 301 that mandates retaliation if countries discriminate against American goods.

A report in Wednesday's WASHINGTON POST says American industry is split in response to the UR conclusion, with textile, steel, semiconductor and chemical manufacturers complaining at the world trade agreement.

Washington has often said it prefers bilateral trade channels such as the Dialogue for Economic Cooperation (DEC) with Korea and the Structural Impediments Initiative (SII) with Japan for their effectiveness. It doubts Korea's pledge to allow wider foreign access, though President Kim Yong-sam gave his word that

Korea will guarantee intellectual property rights and open its market when he visited the country last month.

Another U.S. Commerce Department official, expressing his strong displeasure at Korea's bureaucratic trade system, warns that such methods no longer work.

**Newspapers React To Conclusion of UR Talks**  
*SK1612104493*

[Editorial Report] Seoul vernacular daily newspapers on 16 December carry editorials on the settlement of Uruguay Round [UR] negotiations and urge measures to cope with the new global economic and trade order.

The conservative CHOSON ILBO carries on page 3 a 1,300-word editorial entitled "Tasks That the 'Economic Team' Should Now Carry Out." Pointing to "difficulties" the ROK delegation experienced in the course of negotiations on the rice market opening, the editorial expresses "disagreement" with some people's view that only the economic team should be held "responsible" for the UR negotiations, including the rice market opening, because a similar outcome would have resulted no matter who carried out the negotiation. The editorial, however, criticizes the economic team for "making a boast of" the result of the negotiations and of its "strategy" for the industrial products. The editorial stresses that now is the time for the ROK to "adapt" itself to "the new economic order of the world" at an early date with a view to securing "national competitive power."

The liberal TONG-A ILBO carries on page 3 a 1,200-word editorial entitled "Now Begins the Implementation of UR." Noting that with the settlement of the UR negotiation, the world has now entered into a "global economic order" based on the "free trade system," the editorial says that the ROK has gained "many things" although it lost many things from the negotiation, and emphasizes that since the UR negotiation is settled, "the new start by new people is inevitable." Pointing to the "shortage of trade experts" in the ROK revealed during the current negotiations, the editorial urges the government to promptly "foster" the "working-level experts" in trade affairs. The editorial stresses that "priority" should be given to "measures for farms" after the UR settlement so as to increase "farmers' income."

The moderate HANGUK ILBO carries on page 3 a 1,300-word editorial entitled "Pannational Countermeasures for UR Settlement." Explaining details of conditions in various sectors agreed on during the UR negotiations, the editorial says that unless ROK agriculture retains "international competitive power," it cannot "survive" any longer because "national boundaries in trade" have collapsed earlier than expected. The editorial calls on the government, businessmen, workers and consumers to "transform" themselves to cope with the rapidly changing international economic situation.

The moderate KYONGHYANG SINMUN publishes on page 3 a 1,200-word editorial entitled "Strategy for



Survival in the Era of UR." The editorial notes that "the new international economic circumstances and order" created by the settlement of UR negotiation give the ROK "new opportunities for both crisis and challenge" and that the crisis can be "minimized" when the whole nation "sagaciously" copes with the "great trend of internationalization and openness." Pointing to the urgency of strengthening international competitive power, the editorial calls on the government to "lift" various laws and regulations restricting business and enterprises and to work out "revolutionary ideas" to win the international economic war. The editorial writes that in the course of UR negotiations, the government gave "many disappointments" to the people due to the lack of a "scientific" cooperation system within the relevant government offices. The paper urges the government to renew "national administration" by examining the efficiency and functions of its organizations.

The left-leaning HANGYORE SINMUN carries on page 3 a 1,200-word editorial entitled "The Government Should Have the Ability and Sense of Independence—Lessons Taught by UR." The editorial notes that Koreans were "embarrassed" to hear "the report on war victory" from the government after the UR was settled and that the "political and diplomatic ability" of the Kim Yong-sam government shown in dealing with "vital issues" of farmers should be "judged." The editorial says that the government sent its delegation to Geneva in the "final stage" of world trade negotiations and the delegation was "insulted" by U.S. officials "in various forms" during the negotiations. The paper criticizes "high-level government organizations" for attempting to shift "responsibility" onto each other in the face of important issues, defining this as "deplorable act." The editorial urges the president to have the will and to work out a strategy to foster "the sense of national independence" against big powers.

The pro-government SEOUL SINMUN carries on page 3 a 1,200-word editorial entitled "The Way for Survival After UR Is Only Competitive Power." Defining the UR negotiation settlement as "a historic turning point" for entering into "full-scale free trade with limitless competition," the editorial predicts the "significant influence" of the opening envisaged by the UR negotiation on the "history and culture" of each nation in addition to economic and trade fields. The editorial notes that if "acceptance of opening" is made as an occasion for "strengthening the industrial competitiveness," "growth" will be accelerated and "welfare" will be expanded. The paper urges the government to actively push for "opening and internationalization" and to "boldly" abolish various regulations which "weaken" external competitive power. The editorial stresses that the government should also strengthen the competitive power of domains of "service and intellectual properties" by "closely cooperating" with relevant organizations.

### **Students Protesting at U.S. Embassy Dismissed**

*SK1612034593 Seoul KBS-1 Radio Network in Korean 0315 GMT 16 Dec 93*

[Text] Among the 997 university students who were taken to the police station on 15 December for demonstrating in front of the U.S. Embassy in Seoul to protest the opening of the rice market, the police dismissed 971 with a warning and about 20, including Kim Nam-chol, a sophomore at Kyonghui University, were handed over for a summary trial. The police revealed that members of the university student councils who played a leading role in the demonstration; students who violated the Law on Assembly and Demonstration in the past; and students who possessed chains in order to form a human chain were handed over for a summary trial.

### **U.S. Soldier's Life Prison Sentence Reduced**

*SK1612093293 Seoul YONHAP in English 0927 GMT 16 Dec 93*

[Text] Seoul, Dec. 16 (YONHAP)—An American soldier charged with killing a Tongduchon bar hostess in October last year was sentenced to 15 years in prison at a Seoul appellate court trial on Thursday.

Pvt. Kenneth Markle of the U.S. Army Second Division has been prosecuted for brutally killing Yun Kum-i, age 26, around 1 PM Oct. 28 last year. He drew life term at a district court trial last April.

While handing down the term, the presiding judge said the soldier deserved heavy punishment for committing unthinkable brutality.

"But, we are giving him a 15 years' imprisonment in consideration of the U.S. Government's payment of 70 million won in compensation to her family after the initial trial," he said.

### **Group To Probe Two French Arms Fraud Cases**

*SK1612062293 Seoul YONHAP in English 0547 GMT 16 Dec 93*

[Text] Seoul, Dec. 16 (YONHAP)—The Armed Forces Special Inspection Group (AFSIG) started on Thursday an across-the-board inspection of the Defense Logistics Agency into a deal in which two French arms traders cheated the agency out of 6.7 million U.S. dollars. AFSIG will check how defense contractors are selected, how contracts are concluded, and how the quality of the weapons and equipment they supply is tested, group officials said.

Defense Minister Kwon Yong-hae has told Vice Minister Yi Su-hyu, AFSIG Director Chang Pyong-yong and other ranking ministry officials to take measures to prevent similar arms frauds under Yi's responsibility and conclude the inspection as soon as possible.

Meanwhile, the Defense Ministry has asked for the French Government's cooperation in investigating the



fraudulent arms deal. It has also decided to take legal action against all those responsible for the fraud. The Board of Audit and Inspection summoned Thursday the Defense Logistics Agency official responsible for the deal for questioning.

#### **Trade Minister Talks With Turkish Counterpart**

*SK1612030193 Seoul THE KOREA HERALD in English 16 Dec 93 p 8*

[Text] Minister of Trade, Industry and Energy Kim Chol-su yesterday held talks with the visiting Turkish Minister for Industry and Trade Tahir Kose. At the meeting, Kim asked Kose to postpone by one year the imposition of discriminative tariffs on Korean-made color picture tubes (CPTs), the mainstay of Korean exports to Turkey, according to a Ministry spokesman. Kim also asked for cooperation to prevent undue antidumping charges against Korean products.

In turn, Kose, noting the deepening trade imbalance between the two nations in Turkey's disfavor, demanded that Korea expand its imports from Turkey. Kose also hoped Korean firms to increase investments in Turkey, especially in the automobile and textile industries, according to the spokesman.

At the end of October this year, Korea exported \$488 million worth of electrical and electronic goods, textiles and machinery to Turkey, while importing \$126 million worth of metal and agricultural products.

#### **President Accepts Prime Minister's Resignation**

*SK1612013493 Seoul KBS-1 Television Network in Korean 0053 GMT 16 Dec 93*

[Statement by Yi Kyong-chae, senior secretary to the president on public information, from the presidential office on 16 December—recorded]

[Text] President Kim Yong-sam accepted the resignation of Prime Minister Hwang In-song today [16 December] and will soon designate a new prime minister and request a motion from the National Assembly.

Regarding Prime Minister Hwang's resignation, President Kim Yong-sam said that he has taken this action so the nation can adapt to the new age by preparing the people as the world enters an unlimited competitive age [muhan kyongjaeng sidae] following the conclusion of the Uruguay Round negotiations.

President Kim said that he would designate a new prime minister and request a motion from the National Assembly on 16 December to prevent an administrative vacuum at this important moment.

Prime Minister Hwang had expressed his intent to resign many times, but President Kim did not accept it. While having breakfast with the prime minister this morning, President Kim discussed the matter with him. Prime

Minister Hwang visited the president at 0500 [2000 GMT 15 December] again and presented his resignation formally.

After accepting Hwang's resignation, President Kim praised him, saying that he had excellently fulfilled his duty as prime minister during the difficult time since the inauguration of the civilian government.

#### **New Prime Minister Appointed**

*SK1612051393 Seoul YONHAP in English 0500 GMT 16 Dec 93*

[Text] Seoul, Dec. 16 (YONHAP)—President Kim Yong-sam has nominated Yi Hoe-chang, chairman of the Board of Audit and Inspection, prime minister, replacing Hwang In-song, who resigned earlier Thursday [16 Dec].

President Kim named Yi Si-yun, formerly a justice at the Constitution Court, to replace Yi Hoe-chang as chairman of the Board of Audit and Inspection [BAI]. The president immediately sent an official letter to the National Assembly asking for its approval of his nominations.

Yi, 58, entered the judicial profession upon graduating from Seoul National University Law School. He went up the ladder from being a judge at the Seoul District Court and the Seoul High Court. Yi was a justice of the Supreme Court and practiced law. He was then appointed chairman of the National Election Management Committee prior to becoming BAI chairman.

Presidential Spokesman Yi Kyong-chae said the president had appointed a new prime minister to push his reform strongly in order to strengthen the nation's competitive power, starting afresh with the successful conclusion of the Uruguay Round of world trade negotiations.

"President Kim expects that newly appointed BAI Chairman Yi will lead the BAI in a way that it can remain a driving force of reforms as he has various experiences and a strong will for reform," Yi said.

The president is expected to start forming a new cabinet as soon as the National Assembly approves Yi Hoe-chang.

Kim will carry out an extensive cabinet reshuffle by Saturday [19 December] at the latest, after consulting with the new prime minister.

Deputy Prime Minister Yi Kyong-sik and his economic team will be replaced due to their responsibility for "mishandling" rice market opening, sources said. A considerable number of non-economic ministers, including Defense Minister Kwon Yong-hae, are also expected to be replaced, they said. President Kim could also shuffle some senior presidential aides. But with regard to ruling Democratic Liberal Party postholders,



prospects for a reshuffle are uncertain because the party national convention is scheduled for May, the sources said.

Earlier, Hwang tendered his resignation and the entire cabinet followed suit later in the morning.

### **Yi Hoe-chang Profiled**

*SK1612081193 Seoul YONHAP in English 0736 GMT  
16 Dec 93*

[Text] Seoul, Dec. 16 (YONHAP)—Yi Hoe-chang, nominated for prime minister on Thursday, has headed President Kim Yong-sam's reform drive as chairman of the Board of Audit and Inspection (BAI) since Kim took office in February.

The former Supreme Court justice is known to be a man of strong convictions who was a perennial candidate for chief justice. As BAI chairman, Yi led investigation into the irregularities of earlier governments involving the "Yulgok" military build-up program and Peace Dam in which Former Presidents No Tae-u and Chon Tu-hwan were suspected of being involved. He is on record as being against leaving sanctuaries in audits and inspections.

"I work according to my convictions, and will resign at any time if anyone doesn't like my convictions," he has often said.

Seen as incorruptible and straightforward, Yi is expected to lead a progressive cabinet and decisively push ahead with the policies of the government.

BAI officials who have worked with Yi rate him as a man with "a cool head, but a warm heart."

He sends money every month to three or four social welfare facilities, one of which is a training institute for the handicapped in Incheon, and helps people in adversity.

He has extensive judicial experience as a Supreme Court justice from 1981 to 1986, then in private law practice for two years, and back on the Supreme Court from 1988 until 1993, when he was made BAI chairman by President Kim.

In 1988, he sat on the committee to push ahead with democratic reconciliation. The committee was formed by the government to find a way to console the families of people killed in the Kwangju struggle for democratization in 1980.

In the same year, he became chairman of the Central Election Management Committee. He served in the committee until 1989.

He graduated from Seoul National University law school in 1957, and became a judge in the Incheon District Court in 1960.

He was a judge on the Seoul Civil District Court and Seoul Criminal District Court until 1965, and then became a judge on the Seoul High Court.

He was a professor at the Judicial Research and Training Institute in 1971-77 and a senior judge of the Seoul High Court in 1977-1980.

He was director of the planning and coordination office at the Court Administration Ministry in 1980-81, before being transferred to the Supreme Court as a justice.

### **Opposition Welcomes Reshuffle**

*SK1612020093 Seoul YONHAP in English 0150 GMT  
16 Dec 93*

[Text] Seoul, Dec. 16 (YONHAP)—The main opposition Democratic Party has welcomed the president's decision to form a new cabinet following Thursday's resignation of Prime Minister Hwang In-song.

"Our party welcomes a (planned) sweeping cabinet reshuffle because we demanded the resignations of all the cabinet members," party spokesman Pak Chae-won said.

"We, however, commend Prime Minister Hwang and other cabinet members for their service. They tried to do their best in a difficult time."

### **Further Reaction From Opposition**

*SK1612085093 Seoul YONHAP in English 0826 GMT  
16 Dec 93*

[Text] Seoul, Dec. 16 (YONHAP)—President Kim Yong-sam's choice of Yi Hoe-chang as his new prime minister came as a surprise to lawmakers in both the ruling and opposition camps.

An impressive majority of them approved Yi's nomination in a plenary session of the National Assembly as most party leaders said they expected that having the former chief auditor at the helm would strengthen the administration's ability to execute national policies.

The ruling Democratic Liberal Party [DLP] welcomed Yi's appointment, describing him as just the right person to carry out President Kim's reform and change.

The main opposition Democratic Party [DP], however, reserved its judgement on whether Yi was an appropriate choice as the administration leader in the era of internationalization.

The DLP evaluated the appointment as an expression of President Kim's will for sustained reform while tensely awaiting a reshuffle of the cabinet. Attention of leading DLP members was sharply focused on how many of their colleagues will get into the cabinet.

Chairman Kim Chong-pil, through deputy party spokesman Cho Yong-chik, said that Yi Hoe-chang is the "very person" who could lead reform. Kim said he whole-heartedly welcomes his appointment.



DLP secretary-general Hwang Myong-su, who had been sharply critical of outgoing Prime Minister Hwang In-song's cabinet for its inability to handle the Uruguay Round of global trade negotiations, welcomed the newly appointed prime minister.

"Yi, as the chairman of the audit and inspection, rooted out irregularities and led the reform movement," Hwang said. "A man of strong conviction and upright nature, he will serve the president well."

Rep. Kim Yong-ku, DLP floor leader at the National Assembly, said that Yi was an appropriate choice as he is meticulous and thorough in his work.

"I'm sure he will perform his job with conviction," he said.

The Democratic Party's reaction was mixed. While some DP members positively appraised Yi "personally," others questioned his ability to lead the government in the world trade war they expect as a result of the Uruguay Round accord.

A majority of DP lawmakers, nevertheless, said they thought Yi was the "best possible prime minister" President Kim could pick.

However, DP chairman Yi Ki-taek and other party leaders expressed their strong dissatisfaction with the way Kim handled the nomination.

They complained that Kim notified them of his choice of Yi Hoe-chang after he had made a public announcement, never mind consulting them first.

Moreover, they pointed out, up until Tuesday the president had insisted that he would not reshuffle his cabinet as the opposition party had demanded.

They said they did not like President Kim's style of personnel management, which always had "a surprise element" in it.

Perhaps because of the leadership's dissatisfaction, the party left it to individual lawmakers whether to approve the nomination of Yi as prime minister and Yi Se-yun as chairman of the Board of Audit and Inspection.

Yi Ki-taek said Yi Hoe-chang was an appropriate official for a reform and anti-corruption campaign, but because of his legal background it remained to be seen how he would do as chief administrator in the era of internationalization.

#### **DPRK Expert Named Assistant to NSP Chief**

*SK1612002493 Seoul YONHAP in English 2348 GMT 15 Dec 93*

[Text] Seoul, Dec. 16 (YONHAP)—The government has named Chong Un-hak, an expert on North Korea, special assistant to the director of the Agency for National Security Planning, replacing Yi Tong-pok, who had resigned under suspicion of forging a presidential order.

Chong, 59, a graduate of the Political Science Department of Seoul National University, was in the group of officials that the intelligence agency recruited publicly for the first time. He has climbed the ladder in the agency, specializing in North Korean affairs, and was head of the North Korean Research Institute.

Yi resigned from his post after he had been alleged to have forged a presidential order, possibly derailing inter-Korean negotiations, as a member of the Southern-side delegation to the prime ministerial conference.

#### **Court Upholds Sentence on Former NSP Head**

*SK1612020393 Seoul YONHAP in English 0146 GMT 16 Dec 93*

[Text] Seoul, Dec. 16 (YONHAP)—The Seoul High Court upheld Wednesday a lower court sentence of 18 months in prison for Chang Se-tong, a former director of the Agency for National Security Planning [NSP] who was convicted of blocking the inauguration of the Reunification Democratic Party (RDP) in 1987, and set him free.

The high court, however, acquitted Chang, 57, on another charge of violating the law on the presidential security service and revoked a sentence of 10 months in prison and suspension of civil rights imposed by the lower court.

The high court freed Chang since he has already spent 19 months in prison as an unconvicted, 10 months in connection with the Ilhae Foundation scandal and nine months in connection with the political terrorism involving the RDP.

Meanwhile, Yi Taek-ton, who was indicted along with Chang in the Reunification Democratic Party case, had his sentence reduced by six months to 18 months in prison.

Upon his release, Chang apologized to the country, saying he was sorry to have caused much anxiety among citizens while the transfer of power was in progress.

The incident, which involved interference in the formation of an opposition party, occurred during the administration of president Chon Tu-hwan. Chang had wielded enormous power as NSP director and a close aide to Chon.

#### **Real Name System, Economic Make-Over Examined**

*SK1612034293 Seoul YONHAP in English 0304 GMT 16 Dec 93*

[Article by Suh Hae-sung]

[Text] Seoul, Dec. 17 (YONHAP)—The main theme of the five-year economic plan launched by President Kim Yong-sam is the same as that of his other policies: Reform. What his economic team concentrated on when



mapping out the five-year masterplan was making it democratic and liberal, in stark comparison with the government-controlled plans of the past. Inheriting an age-old recession on taking office, an economic cure was Kim's biggest challenge and his team presented a first-aid package for the first 100 days and a five-year plan since summer.

Reforming the Korean economic system is so vast a task that the officials at first wore blank expressions, not knowing where to apply their forceps and scalpels, and many feared the surgery would do the ailing economy more harm than good. Though somewhat overshadowed by the political reforms, the government's economic doctors faithfully rolled up their sleeves and got on with the remaking of the economy by performing radical excisions of red tape and plunging their hands into boiling vats of fiscal taxation, economic and mind reformation. Economic electro-shock therapy was applied in the form of a presidential decree, applied with absolutely no warning to ensure the greatest effect, making it mandatory to use one's real name in financial transactions.

Legislation to do this had twice failed to make it through the National Assembly since 1982 as politicians derailed attempts to sever their back-door money connections to businessmen. It was promised and it was shelved time after time due to strong opposition from conservatives, but the president finally scored a touchdown with an end run around the opposition when he appeared live on television one summer evening and declared that he was making the change effective immediately. The next morning, not surprisingly, stock prices nosedived as the economy went into shock.

The presidential decree on Aug. 12 put an end to disputes over pros and cons of the system that obliges all financial transactions in real names. Business and financial dealing in false names and borrowed names had so long been practiced in Korea that many doubted whether they could break the old habit. Fulfilling one of his major campaign pledges, Kim said the real-name system was a must to build a corruption-free and honest society.

Once the decision was out with an Oct. 12 deadline to transfer all financial accountings to real names, efforts were made to minimize the ill effects such as capital flight, real estate speculation, collapse of the stock market, and bankruptcy of small- and medium-sized industrial concerns that heavily depend on the private money market.

Recognizing that they could not insist on principles in reality, officials eased the ambitious system to the extent of putting off the framework global taxation until 1996, when they expect society to be fully used to the real-name practice. Showing its soft side to the sensitive stock market, the government promised not to impose a tax on profit margins during five years.

To prevent a massive withdrawal of cash from banks, it obliged all account-holders to report to the office of

National Tax Administration when they withdrew more than 30 million won and if they do, face inspection.

While showing as much leniency on past practices as possible, it however instructed tax inspection of false-name accounts that exceed 50 million won when they are transferred to real names. An extra watch was on remittances of above 30 million won and real estate trade as well to block the flow of money into wrong places.

On the public cry that the measures were too tight, the government again offered to go easy and this time said it would not investigate withdrawals of more than 30 million won nor question false accounts under 200 million won. In addition, it released about 2 trillion won to save small- and medium-sized industries, who are hard up since they were unable to borrow money from the private market.

The immediate result, on the whole, was a success. The stock market was soon up on its feet, real estate dealing remained unchanged, and money stayed within the country. Public support was overwhelming with 97.4 percent of the false-name accounts worth 2.83 trillion won transferred to real-name accounts won during the three-month grace period. In contrast, 3.47 trillion won in borrowed-name accounts remained unaccounted for.

But there remained much bigger tasks to reach the ambitious goal of the real-name system such as controlling the overflow of currency, restoring the saving spirit, stimulating the economy by raising overall competitiveness of the economy, and creating equal distribution of wealth by balanced taxation. The economy policymakers moved on to next stage of reform, revamping the core of the financial system—interest rates. Second-phase interest rate deregulation went into effect on Nov. 1, bringing widespread changes in financial institutions and practices.

More radical than the first decontrol in November 1991, this year's deregulation freed banks and non-banking financial institutions to set interest rates on all loans, except for so-called policy loans, rediscounted by the central bank, spurring competition in the truest sense of market principles. Credibility became the highest virtue among enterprises as banks now were in control of attaching loans and deposit rates.

The government, announcing the second-stage deregulation, said it was confident that decontrol will ultimately result in lowering interest rates because it will help rates move in line with market forces and reduce chronic over-demand of fund by firms as well as enhance stable money supply that can lead to stable prices and increase in savings.

The highly competitive market soon fought to present a more attractive prime rate, interest charged by a commercial bank on large loans made to its most credit-worthy business and industrial customers.



The ordinary also benefitted to some extent as banks vied to draw deposits from piggy banks and households with various of eye-catching savings packages to raise their funding costs.

The third and fourth round still remained to be implemented but experts assess this year's package as having provided the right direction to improve some of the inefficiency of the Korean financial structure, which had long permitted money to flow into wrong places.

The next task facing the government is reforming and improving budget and taxation policies in order to bring economic justice to the country.

By cutting profit-guaranteed spending, the government plans to pay full attention to much-neglected infrastructure projects and is said to be mapping out taxation reforms that are effective while less burdensome to the public.

It also has happy news for industrialists as the government is expected to announce its fourth round of red-tape cutting measures at the year-end. Since inauguration, it has abolished restrictions on some 900 cases in three series of relaxations.

Many anticipate the announcement as the presidential office says that after this round people will really feel things have become different.

What the public expects from the government is an economic recovery.

The first 100 days did not bring the tangible results it had promised and economic policymakers explained that these things take time.

The small economic improvements crashed under the shock of the real-name financial system.

Things turned for the better toward the year-end with the composite stock price index safely above 800 points and the country posting a current account surplus.

The central bank and economic think tanks forecast next year's economic growth at 6.3 percent and trade surplus at 500 million U.S. dollars with exports increasing 6.5 percent.

The challenge of stabilizing prices awaits the government in the new year as, despite its call for pain-sharing, inflation hit 5.4 percent although it had hoped to peg it at 5 percent.

#### **Ministry Announces Resolution of Labor Conflict**

*SK1612041093 Seoul YONHAP in English 0154 GMT  
16 Dec 93*

[Text] Seoul, Dec. 16 (YONHAP)—Not a company was astir in labor strife on Wednesday, the first such day in

over six years, and there was hope the peace will continue for another three or four days.

Officials at the Labor Ministry were happy to have nothing to do when union and management of all 147,915 companies with five employees or more were in harmony with each other.

At least two or three companies were in turmoil every day until Boam, a television parts manufacturer in Kyonggi Province, ended its confrontation on Dec. 8, leaving Hankook Cosmetics Co. as the sole company at war with itself. But Hankuk Union and management reached an agreement on pay on Wednesday morning. The welcomed peace is likely to continue for three or four days, according to officials.

The last quiet day on the work front was back in June 9, 1987. Strikes are becoming rare events on the whole. This year saw just 143, a 37.6-percent decrease from last year. Officials say the numbers are gradually returning to pre-1987 figures, before the proliferation of violent workplace clashes.

#### **Trade Surplus for Third Consecutive Month**

*SK1612021293 Seoul YONHAP in English 0036 GMT  
16 Dec 93*

[Text] Seoul, Dec. 16 (YONHAP)—South Korea piled up a trade surplus in November for the third consecutive month, but remains in the red for the year, the Korean Customs Administration said Thursday.

Exports soared 10.9 percent to 7,354 million U.S. dollars in November over a year earlier and imports increased 13.3 percent to 7,258 million dollars, producing a trade surplus of 96 million dollars. The 11-month figure is 2,069 million dollars in the red, however, with exports of 74,289 million dollars and imports of 76,358 million dollars.

In November, exports of steel, cars, electronics, textiles and chemical goods did well, surging between 5.8 percent and 77 percent.

In contrast, shipments of footwear, raw material, fuel, foodstuff and other direct consumer goods sank between 5 percent and 37.5 percent. Imports of fuel, iron, mineral goods and other raw materials for exports rose 16.3 percent, and machinery, electric and electronic imports grew 11.9 percent.

In January-November, Korea posted surpluses of 6,447 million dollars combined in trade with Hong Kong and Singapore, 1,007 million dollars with China, and 218 million dollars with the United States. It ran up deficits of 7,760 million dollars with Japan, 936 million dollars with the European Community, and 1,044 million dollars with other trading countries.



## Burma

### Government Rejects Multilateral Talks Requests

*BK1612020393 Bangkok THE NATION in English  
16 Dec 93 p A5*

[Text] The Burmese government has refused a move by the united ethnic and opposition movement to hold peace talks, but will continue to press for meetings with individual armed ethnic groups.

Rangoon rejected the latest peace overture by the Democratic Alliance of Burma (DAB), an umbrella group of about 20 armed ethnic and Burmese opposition groups active along the Thai-Burmese border.

The DAB has criticized Rangoon's "divide and rule" approach to deal with its individual members and called for negotiations between the DAB and the junta, the State Law and Order Restoration Council (Slorc).

In an interview yesterday, the Burmese Armed Forces Attache to Thailand, Col Thein Swe, said the Slorc leader, Gen Than Shwe, "officially rejected" the DAB proposal and said the refusal was "verbally" conveyed early this week through the Burmese Embassy in Bangkok to Karen leader Badow Aung San. Slorc, he said, also refused to meet with the National Democratic Front (NDF), a united front of about 10 armed ethnic groups which have been warring against Rangoon for greater autonomy.

"As we have stated before, we will not be able to accept the DAB. We will deal with respective groups.... This is an official reply and might be followed by a statement," the Burmese attache said.

"We still prefer to talk with individual groups because each group has its own priorities and interests. We can be more effective.... We will not even be able to do that with the NDF, because within the NDF there are different groups with various priorities and interests," he added.

Slorc's tough stance on dealing with ethnic forces separately has achieved a certain success. Ten ethnic groups including the Wa, Kokang, Shan, Pa-O and Palaung, have since 1989 entered ceasefire agreements with the Slorc. The latest to do so was the Kachin Independence Organization (KIO), which is one of the strongest members of the DAB and the NDF. Following the successful ceasefire deal with the KIO, Slorc has urged other ethnic groups, especially the Karen, Karenni and the Mon, to follow suit. The move has caused widespread concern and accusations that Slorc is simply attempting to foment disunity within the ethnic and Burmese opposition movement.

Dr Em Martha, a Karen spokesman and a DAB official, yesterday declined to comment on Rangoon's response saying he would wait for an official Slorc statement.

Thein Swe said Slorc was quite aware of the opposition groups' concerns that Rangoon "might cheat them" one

way or another in the negotiation process. Previous peace talks in the 1960s and 1970s between the Burmese rulers and various armed ethnic forces failed because Rangoon often demanded that they first surrender to the government and disarm themselves.

"How can we cheat them, because politically we might then lose? This is the age of information. Everything we say and do will be known by the other side of the world," he said.

### Rebel 'Platoon Leader' Returns to 'Legal Fold'

*BK1212065293 Rangoon Radio Burma in Burmese  
1330 GMT 11 Dec 93*

[Text] Pyi Soe, alias Kyaw Win, 27, platoon leader of the the Rakhine State Liberation Army [RSLA], which is a jungle-based armed organization, surrendered along with 10 rifles—six M-16 assault rifles and four AK-47 assault rifles, 10 magazines, 155 rounds of assorted ammunition, two Super Star brand communication equipment, and a Nissan-90 engine-powered schooner at Kawthaung garrison in Tenasserim Division at 1630 on (?6 December).

It has been learned that the RSLA, which is a jungle-based armed organization, was founded near Ranong, a town on the other side of the country [Thailand]. The RSLA coordinated with (Naung Thaik San), political liaison from the jungle-based Mon armed organization; and Maung Lwin, company leader of the Tenasserim BCP [Burma Communist Party] group in Tavoy District to collect protection money from passenger schooners and fishing trawlers plying the seas.

Four people, including Pyi Soe alias Kyaw Win, loaded arms and ammunition onto a schooner on 5 December and left Ranong for a location near (Gatutgyi Gyaw), for a rendezvous arranged by the jungle-based Mon organization and the Tenasserim BCP group. It has been learned that Pyi Soe, alias Kyaw Win, made his way to return to the legal fold along with arms and ammunition when the other three members went out to make contact while they were waiting at a location near (Gatutgyi Gyaw). Pyi Soe, alias Kyaw Win, was warmly welcomed by responsible personnel from the garrison.

## Cambodia

### Hun Sen, Winston Lord Discuss Reconstruction

*BK1312142593 Phnom Penh National Voice of  
Cambodia Radio Network in Cambodian 1300 GMT  
13 Dec 93*

[Text] His Excellency [H.E.] Hun Sen, second prime minister of the Royal Government of Cambodia [RGC], received Mr. Winston Lord, U.S. assistant secretary of state, and his aides at the Council of Ministers office on the morning of 12 December. The Cambodian prime minister briefed his guests about the recent situation in Cambodia, especially the RGC's efforts to restore and



rebuild the country. He said the present government is currently exerting all-out efforts to speed up the construction of some important infrastructure, such as irrigation systems, and to stimulate social development and restore the economy.

H.E. Hun Sen requested the U.S. Government to shift its aid from armaments to heavy machinery for use in repairing irrigation systems and roads in Cambodia. This will enable the Khmer Royal Armed Forces to take part in the reconstruction of the country.

Mr. Winston Lord thanked H.E. Hun Sen for allowing him to become acquainted with the reality in Cambodia. He also pointed out that the U.S. Government was pleased to see the RGC effectively implementing democracy and respecting human rights. The U.S. assistant secretary of state accepted the RGC's request for assistance and for promoting cooperation between the two countries.

#### **Sihanouk Rebuts Foreign Media Allegations**

*BK1512123793 Phnom Penh AKP in French 0400 GMT 15 Dec 93*

[Text] Phnom Penh 15 Dec (AKP)—Following is the full text of the "correction" made in Beijing on Tuesday, 14 December, by His Majesty Norodom Sihanouk, king of Cambodia:

Some foreign media members, male and female, based in Phnom Penh have alleged that I Norodom Sihanouk interfere in the government affairs of my country, that I disturb and harass all the time by making phone calls, "faxing," and so on from Beijing to the department or service heads and even the director of television on this or that matter, and that I want to dictate to the government which policy to follow concerning the Khmer Rouge and other problems.

In this connection, I have the duty to reestablish the following facts:

First, I have the greatest dislike for making phone calls and I have neither disturbed nor harassed anyone in Phnom Penh. The "faxes" I sent to Phnom Penh were mostly addressed to my son-in-law Mr. Keo Putreaksmei who must take my answers, and not my instructions or demands, to the persons who had written to me.

Second, I have never demanded, much less ordered the government to do this or that within the framework of its governmental action. In my CAMBODIAN STUDIES, I have expressed only the personal views of an ordinary Cambodian citizen.

Third, I have never forgotten that "the king rules but does not govern."

Concerning the Khmer Rouge problem, I have taken great pains to stress on many occasions that only the government, and not the king, must be responsible for the way in which this problem should be solved.

Presently, the Cambodian people and nation are facing serious problems; it is the duty of the king to worry about them. That, of course, does not permit me to do its work for the government.

#### **Minister Orders Thai Floating Hotel Moved**

*BK1512013593 Bangkok BANGKOK POST in English 15 Dec 93 p 10*

[Text] CAMBODIAN authorities yesterday ordered the immediate moving of the Thai-owned Floating Hotel while the water level was still suitable. Deputy Prime Minister [as published] and Public Works and Transport Minister Ing Kiet said after inspecting the preparations the ship was ready for withdrawal from its berth in Tonle Sap to a new site nearby.

"If the authorities don't remove it now we'll have to wait another year for the water to rise again to its present level," he said. A Cambodian resident said the river usually reached its peak level at this time of the year.

The 102-room Phnom Penh Floating Hotel was ordered several weeks ago to move from its present location but the management has argued that more time was needed to check the engine. The management at the weekend joined a delegation headed by Foreign Minister Prasong Sunsiri to try to settle on a new site for the hotel or, alternately, to seek a stay of at least three months so it could be decided whether to leave the country.

Mr Ing Kiet said the Cambodian government had decided against granting the three-month moratorium but had selected a new site. The new area is near "Phjar Chass" (the old market), which he said offered good potential for a hotel.

"It is the privileged site that we are offering them," he said.

### **Indonesia**

#### **Editorial Praises Bilateral Relations With Iran**

*BK1512141193 Jakarta KOMPAS in Indonesian 26 Nov 93 p 4*

[Editorial: "Upgrading Indonesia-Iran Cooperation Is Desirable and Timely"]

[Text] President Suharto's visit to Tehran, which was followed by the signing of a bilateral cooperation agreement to improve existing economic and technical ties, was not only considered timely, but also desirable in this era.

Iran and Indonesia share similar views concerning national and international issues. The two countries are members of the Oil Producing and Exporting Countries (OPEC), the Islamic Conference Organization, and the Nonaligned Movement. They have similar policies of independence in an effort to develop their respective



national economic potential. Indonesia and Iran are dynamic members of the three international organizations.

The fundamental fact is that out of the their similarities, the base they selected to further upgrade bilateral relations was via the Nonaligned Movement platform, which is through South-South cooperation. This is a more realistic approach because in bilateral economic cooperation there exists a criteria which emphasizes an exact account of benefits or funding. In the technical field, the criteria would be measured in terms of compatibility of demand by one country and the needs of another.

That is why upgrading bilateral ties was considered significant. First, it was observed in the context of the Nonaligned Movement which is currently encouraging and fostering economic cooperation and development among its member countries. Second, by looking at the technical and economic aspects which would provide immediate and direct linkages in connection with the pressing needs of the developing nations: to create as many trade and commercial networks as possible with any other country with an equivalent economic standing in an effort to further develop one another's economic potential.

In the past, Iran was a major importer of Western manufactured goods; it recently purchased Indonesian-made helicopters and tugboats. It is possible that in future years, such transactions will be made by the purchase of passenger aircraft, iron, fertilizer, and other Indonesian manufactured light industrial products—the quality of which will be in accordance with affordable and competitive prices. It may be possible that Iran will embark on a program that will lessen its economic dependence on its petroleum exports, which in other words would mean that it could embark on more careful management of its income for its diversified import resources.

Currently, several types of qualitative and competitively priced products from developing nations, including those from Indonesia, are competing with products from industrialized nations. The products from the developing nations have not been fully prominent, except those produced from licensed foreign establishments which are already internationally established.

In this connection, the Iran-Indonesia Joint Commission is playing its role in upgrading and fostering relations between the industrialists of the two nations while simultaneously bridging the gap in their international trading systems which could become a major obstacle for the two countries.

Iran is a potential transit point for several neighboring hinterland countries. Among these are Azerbaijan (with a 7.1 million population and a per capita income of U.S.\$3,750 in 1989), Armenia (with a 3.3 million population and a per capita income of around U.S.\$4,750), Turkmenistan (5.5 million population with a per capita

income of U.S.\$3,370), Uzbekistan (20.3 million population with a per capita income of U.S.\$2,750), Tajikistan (5.3 million population with a per capita income of U.S.\$2,340), Kyrgyzstan (4.4 million population with a per capita income of U.S.\$3,030), and also Kazakhstan (16.7 million population with a per capita income of U.S.\$3,720).

As a result of the political upheaval caused by the dissolution of the former Soviet Union, their national incomes underwent a great decline. As a result, their international imports consist of only light industrial quality and "class" priced goods from developing countries.

After officially and totally severing ties with Moscow, all these smaller neighboring nations should endeavor to accommodate their respective people's economic aspirations and needs. As such, they should re-orient their respective economies within the framework of upgrading their bilateral ties with Iran—even for that matter, with Iraq and Turkey.

Culturally and anthropologically, the races in the Middle East have important historical ties with Iran. Apart from this, the existing rail and road networks in Iran cater for trade between Iran and the newly formed states. The only drawback is that these networks are outmoded.

There exists future potential for the newly formed states in the Middle East toward establishing bilateral relations with Iran, Iraq, and Turkey in an effort to turn the region into an economic zone filled with entrepreneurs. In this respect, Indonesia's current upgrading of cooperation with Iran forms a good investment.

#### **Daily Views 1993 Growth, Financial Situation**

*BK1512105793 Jakarta THE JAKARTA POST in English 10 Dec 93 p 4*

#### **[Editorial: "Monetary Indicators Sound"]**

[Text] Almost all of the key monetary indicators, as reported by the Governor of Bank Indonesia (Central Bank) Sudrajat Jiwandono early this week, are sound. They reflect the fact that the fundamentals of the economy are healthy. Such solid indicators are especially welcome at this point in time as they will most likely be able to prevent the seasonal wave of rumors and speculative sentiments on the rupiah which usually arise in December, one month before the government proposes its annual budget to the House of Representatives (DPR).

The only indicator which raises concern is the inflation rate which has reached 9.24 percent in the first 11 months of this year. But that development was expected as a result of the unusually high increase in the prices of several basic goods and services after the raising of fuel prices early this year. It is most probable, despite the Christmas and New Year holidays, that the annual



inflation figure will be checked at a single digit—albeit on the high side—in line with the government target.

That level is not bad at all, in view of the 14.2 percent expansion in bank lending during the April-October period—more than 60 percent higher than the government target. Assuming the inflation in the United States is about four percent, the depreciation of the rupiah can still be managed at its normal rate of around five percent a year. What is encouraging is the fact that the government is fully aware of the danger of inflationary pressures and is taking all the measures needed to contain it. We are convinced that the concern about the inflationary pressures will be reflected in the coming state budget.

The \$12.2 billion in foreign reserves, equivalent to about five months of imports, as of early this month, offer some respite to those who are worried about the steady decline in the oil prices over the last few weeks to below \$15/barrel, compared to the average of \$18 used to estimate oil receipts for the current fiscal year. The steady increase in nonoil exports and in private capital inflows both through direct and portfolio investments will be able to offset the decrease in oil export earnings in order to further reduce the current account deficit to below \$2.5 billion as projected by the government. Moreover, the government still holds Rp [Rupiah] 3.5 trillion (\$1.6 billion) in cash reserves accumulated from budget surpluses over the last three years.

The bullish capital market, as reflected by the nearly doubling of the composite index of the Jakarta Stock Exchange to about 520 and its market capitalization to Rp 61 trillion (\$29 billion), will further boost foreign portfolio investments.

Since only 13 of the 224 commercial banks have not fulfilled the capital adequacy ratio of eight percent of their risk-weighted assets, one month before the December 31 deadline, most banks seem to have completed their consolidation processes. This, combined with the downward trend in interest rates, will provide a boost to economic activities next year.

We agree that the central bank's projection of 6.6 percent-6.8 percent for economic growth this year is not too optimistic at all. Next year's economic growth may likely reach seven percent. A note of caution, however, is in order. The bullish mood of investors and the projection of more robust economic growth prospects next year depend on the realization of the government's commitment to continuing economic and bureaucratic reform measures and on the fiscal measures it will take.

And if we note the remarks made on Wednesday by State Minister for Development Planning Ginanjar Kartasasmita concerning the government's projections of its 1994/1995 budget plan for next year, we can rest assured that the coming budget will be austere, without any political goodies that may force new drastic fiscal measures.

## Laos

### Premier's Activities in Australia Reported

*BK1512144393 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 15 Dec 93*

[Text] His Excellency [H.E.] Prime Minister Khamtai Siphandon, heading a high-level delegation of the Lao People's Democratic Republic [LPDR] on an official friendship visit to Australia, arrived in Canberra on the morning of 14 December and was welcomed by H.E. Gareth Evans, Australian foreign affairs and trade minister.

At 1100, an official welcoming ceremony was held by H.E. Prime Minister Paul Keating at the parliament building. Afterwards, the two sides held a meeting attended by several high-level Australian officials and senior authorities. H.E. Prime Minister Keating also hosted a luncheon in honor of H.E. Prime Minister Khamtai Siphandon and his party. In their speeches delivered at the luncheon, the two prime ministers highly appraised the booming bilateral relations between the two countries.

On the afternoon of the same day, the high-level LPDR delegation paid a courtesy call on H.E. Sir Bill Hayden, governor general of the Commonwealth of Australia, to hand over a message from the LPDR president to him extending an invitation to the governor general to pay an official friendship visit to the LPDR.

Afterwards, H.E. Prime Minister Khamtai Siphandon and the entourage visited the [words indistinct] and received a courtesy call from Paul Hewson, opposition leader, and H.E. Gareth Evans, foreign affairs and trade minister. On the same day, H.E. Prime Minister Khamtai Siphandon (?held a news conference along with) the Australian side.

On the morning of 15 December, the LPDR and Australian prime ministers held a second round of talks to discuss the development of long-standing bilateral relations.

### Defense Minister, Delegation Depart for Bangkok

*BK1512123093 Vientiane KPL in English 0828 GMT 15 Dec 93*

[Text] Vientiane, December 15 (KPL)—Colonel General Choummali Sai-gnason, minister of national defence, president of the Lao-Thai Committee for Border Security and Border Cooperation, yesterday, left here for Thailand to attend [words indistinct] to be opened today in Bangkok.

Including in the Lao delegation were Major General Siangsom Kounlavong, deputy minister of interior, and other members of the committee.



**Diplomatic Relations Restored With Israel***BK1012071893 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 10 Dec 93*

["Statement" issued by the Foreign Affairs Ministry on the Restoration of Diplomatic Relations between Laos and Israel—date not given]

[Text] With a wish to develop and maintain good cooperation and mutual understanding, the Lao People's Democratic Republic and the State of Israel have agreed to restore diplomatic relations at the ambassadorial level beginning on 6 December 1993. The two sides pledged in unison to maintain the relations on the basis of the UN Charter, international law, equality, sovereignty, and noninterference in each other's internal affairs. At the same time, the two sides expressed confidence that the restoration of full diplomatic relations between Laos and the State of Israel also conforms to the interests of the Lao and Israeli peoples, thereby contributing to international cooperation and world peace.

**Ministry Approves Market Reform Project***BK1512125793 Vientiane KPL in English 0838 GMT 15 Dec 93*

[Text] Vientiane, December 15 (KPL)—Laos has approved a project for the strengthening of foodstuff and agricultural goods market reform. A memorandum on the project approval was signed yesterday at the Ministry of Commerce.

Signing the document were Mr. Thongsavan Phomvihan, deputy director of the Foreign Ministry's International Organisation Department, and Mr. Francis Mutapa, FAO [Food and Agriculture Organization] representative to Laos.

Within the framework of this project, FAO will provide assistance worth U.S. dollars 270,000 to Laos, China, Vietnam, Myanmar [Burma] and Mongolia in strengthening the reform of the foodstuff and agricultural goods market. This will be realised through training of personnel concerned with marketing, coordination, share of experience and marketing improvement.

The project is to start operating as of the date of signing the agreement and will last 18 months.

**More Refugees Return Home Via Savannakhet***BK1212113893 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 11 Dec 93*

[Text] On 9 December, 36 Lao refugee families with 67 members returned to their native villages through Savannakhet Province. These refugees were originally from Savannakhet, Saravane, Khammouane, and Champassak Provinces. Ten of the families subsequently volunteered to be sent to live in Ban Viangsai village, which

is a newly established locality in Atsaphangthong District—a new development area set up in Savannakhet Province with sponsorship from the UN High Commissioner for Refugees.

**Philippines****Ramos Urges Closer ASEAN-Vietnam Cooperation***BK1512120393 Manila MANILA BULLETIN in English 6 Dec 93 pp 1, 25*

[By Fred M. Lobo]

[Text] President Ramos said yesterday that closer cooperation between the Association of Southeast Asian Nations (ASEAN) and Vietnam would result in greater regional stability and economic growth.

"We can no longer be in doubt that with Vietnam in ASEAN, both Vietnam and ASEAN will reap dividends in greater regional stability and growth," the president said at the "Third International Symposium on Interaction for Progress: ASEAN-Vietnam All Round Cooperation" at the Shangri-la's Edsa Plaza Hotel.

Ramos said the dialogue will attain its objective of bringing Vietnam into the ASEAN community—sooner or later, stressing however that "it is certainly best that we do this soon."

The president pointed out that the symposium addresses the issues of how the process of interaction can be accelerated particularly with respect to Vietnam's membership in ASEAN.

"The times could not be more opportune for an acceleration of our timetable and objectives. In recent weeks, major developments have taken place in our Asia Pacific region that collectively have enhanced peace and cooperation throughout the region," the president said, citing the recent meeting of the Asia Pacific Economic Cooperation (APEC) hosted by United States President Bill Clinton in Seattle.

"As one, we agreed that the Asia Pacific will continue to lead the world in growth and that our countries could best secure their prosperity by strengthening economic cooperation between and within our respective shores of the Pacific," the president said.

Emphasizing that the Seattle meeting marked a new beginning, he said that "from there now follow major undertakings in erecting the mechanisms and instruments to foster greater cooperation and community, to promote trade and investments, and to resolve outstanding differences among member countries."

Hence the dialogue which seeks to foster closer cooperation between ASEAN and Vietnam, and eventually between ASEAN and the whole of Indochina—takes both added meaning and impetus, he said.



The president said that the effort for Vietnam-ASEAN cooperation has received a big boost from the APEC consensus that such an effort can bring about the fulfillment of all that "we envision for the entire Asia-Pacific Region."

"Whatever we stress in this cooperative effort—be it economic progress or regional security or both—our overriding task is to ease the transition of Southeast Asia from the cold war to a new order," the president said.

"We are agreed that our respective and collective interests are best served if we turn our attention away from the old competition for political and military influence to the tasks of economic growth, investment, and trade," he added.

The president noted that not all countries are opening up to the global economy at the same time and at the same pace because "some among us are still in the process of settling internal instabilities and conflicts. Others are still trying to undertake the reforms that will enable them to take part in the regional effort more effectively."

Such difficulties, he said, can best be hurdled, not separately but through cooperative effort.

"Working closer together, we can hurdle the obstacles in the political, security, and economic spheres," he said.

On security, the president said that Vietnam and ASEAN must strive together to arrive at a common approach in defusing the greatest threat to peace and stability in Southeast Asia—the South China Sea.

"We must try to transform this sea we share among us into a lake of peace, prosperity, and growth in which all can share and take part," the president said, adding that "in ASEAN, we nurture no greater goal today than to bring both Vietnam and China into such a peaceful, collective effort."

#### **Government, U.S. Disagree on MDT Council**

*BK1612020293 Manila BUSINESS WORLD in English  
13 Dec 93 p 16*

[Paul N. Villegas]

[Text] The Philippines and the United States cannot agree on how to expand the Council of Ministers, with Manila wanting to include political figures in the body that oversees the Mutual Defense Treaty (MDT), and Washington opposed to its inclusion of "non-military" officials.

Foreign Affairs Undersecretary Rodolfo Severino disclosed over the weekend that government wants to include "political people" in the dialogue between the Philippines and the United States as part of the changes which the Department of Foreign Affairs [DFA] would want to implement in the current set-up of the Mutual Defense Board (MDB). However, "caution must be exercised" with the proposed restructuring of the MDB

so that "widening its scope, to include non-military figures, would not lead to the intervention in the domestic affairs of the other party," said a well-placed source at the DFA.

The current practice of the MDB is believed to be "just ceremonial," wherein the military officials of both countries meet a number of times in a year without really achieving anything substantial.

Sources said the military is opposed to any move that would make them "share the limelight with their political counterparts."

The DFA has recommended the need for "closer coordination between the MDB and the Council [of Ministers], with the Council, now assuming an active role and not a passive one of merely receiving notifications from MDB of the schedule of activities and automatically approving them."

It also recommended that the Council "explore the possibility of strengthening the MDT especially with regards to the commitment of the United States to come to the side of the Philippines in case of armed attack." Sources said this provision under the MDT is "very vague and needs to be clarified."

The Council is also being urged to see to it that Washington does not overlook the particular needs and problems of the country. This is because the new policy of the United States towards Asia is multilateral in nature, thus making Washington's treatment of the Philippines as merely being a part of the Asia-Pacific region.

Other matters which the DFA has recommended to the new Council of Ministers include the need to "thresh out the procedure of submitting the list of participants to joint military exercises, and if needed, a status of forces agreement (SOFA) must be signed between the Philippines and the United States" as part of the 1951 MDT.

Under the SOFA, certain "etiquettes" must be followed by foreign military troops who are temporarily allowed to enter the country for the purpose of joint military exercises. However, for SOFA to take place the "exchange of diplomatic notes would have to suffice," said Mr. Severino.

He said the "Balikatan" or the joint military exercises between the Philippines and the United States these past two years were not under the 1947 Military Bases Agreement. "Naturally, we expected a few problems, but we'll work it out," he added.

Officials said, however, a SOFA between the Philippines and the United States is not feasible because of constitutional constraints on the part of the Philippines.



**Agreement Signed To Control Pirated Films**

*BK1512103093 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 0930 GMT 15 Dec 93*

[Text] The Philippine Postal Corporation [Philpost] and Videogram Regulatory Board [VRB] have signed an agreement to control the entry into the country of pornographic video tapes and other pirated films. Postmaster General Eduardo Pilapil signed on behalf of Philpost, while Chairman Javier Carbonell signed for the VRB. Under the agreement, Philpost will confiscate video tapes that do not have a VRB seal.

**Visayas Communists Press for Party Congress**

*BK1512091193 Manila PHILIPPINE DAILY INQUIRER in English 12 Dec 93 p 11*

[By Carla Gomez]

[Text] Bacolod City—Communist rebels in the Visayas are pressing for a nationwide party congress where Communist Party of the Philippines (CPP) Chairman Jose Maria Sison will be asked to give a full accounting of party decisions he made in the last two decades.

CPP-NPA [Communist Party of the Philippines-New People's Army] Visayas Spokesman Nicolas Rojo said the proposed party congress, only the second to be held since 1988, must also include a 24-year summing up of their revolutionary experience, according to reports reaching the AFP [Armed Forces of the Philippines] Civil Relations Service in Central Visayas.

Sison recently replaced Arturo Tabara, alias Victor del Mar, as head of the NPA [New People's Army] Visayas Commission, for the latter's declaration of autonomy from the CPP mainstream group. It was not indicated in the CRSAFP [Civil Relations Service Armed Forces of the Philippines] reports to which faction Rojo belongs.

Rojo was quoted as saying that some cadres believe that the congress may be quickly transformed into a summing up of Sison's actions and decisions made in the past seven years which were blamed for the disintegration of the insurgency movement. Rojo reportedly said that many party organs declared autonomy from the Sison-dominated central committee to insulate them from "illegal orders."

However, Rafael Baylosis, former secretary general of the CPP-NPA, yesterday said some of those in the breakaway group have rejoined the CPP. Baylosis, who was in Bacolod to speak at the Human Rights Day rally, shrugged off calls for a unity congress and warned that those who declared autonomy from the Sison-led CPP may eventually degenerate into robbing rebel bands. Baylosis, however, recognized that the CPP is taking efforts to correct past errors.

**Breakaway CPP Leaders Ready To Resist Order**

*BK1612080093 Manila THE MANILA CHRONICLE in English 14 Dec 93 p 7*

[By Carlos Marquez Jr.]

[Text] Four leaders of the Left breakaway group are ready to resist any execution order by the Communist Party of the Philippines (CPP) central committee of Jose Ma. Sison. Sison's central committee charged the four with several alleged "criminal offenses" like gangsterism, extortion, kidnap-for-ransom, and counterfeiting.

The four—Romulo Kintanar, New People's Army (NPA) executive staff; Arturo Tabara, CPP's Visayas Committee leader; Felimon Lagman, Manila-Rizal Regional Committee chairman; and Ricardo Reyes, Mindanao Committee leader—are to face trial before the communist "people's court." In last Sunday's press conference, Gregorio Rosal, otherwise known as "Ka [Comrade] Roger," of the New People's Army Mt. Banahaw Command, bared the plan to expel, arrest, and bring the four before the "people's court."

To Reyes and the three other accused, this meant the penalty of death based on the party's tradition of punishment.

"Those were jurassic madness. Kahibangan [Craziness]. These charges are not an indictment of the accused; they are an indictment of the accusers. The mentality displayed is sickening," said Reyes at a clandestine press conference yesterday. Reyes said Ka Roger was referring to the charges they earlier received individually which "spelled our supposed criminal responsibilities which make us liable for prosecution and even more serious and more dangerous than that."

"It is madness representing their known terror tactics. They are leading to a more violent direction, only expected of their old Stalinist inclination," Reyes said. The four would be issued arrest orders, then asked to face the "Hukumang Bayan" or "kangaroo court," which in their parlance meant outright execution.

Although they are ready to resist Rosal's Banahaw Command, considering Felimon Lagman's control over the more dreaded Alex Boncayao Brigade (ABB), Reyes, said they would prefer "saner, more honorable and principled arena of struggle like debate, which the Sisonites [pro-Sison group] must have already forgotten."

Reyes said they would continue with their present occupation of organizing in other parts of the country and ignore Sison's threat.

"Hindi ako magtatago [I will not hide]. I will continue fighting and let them pursue with whatever plans they have for me," he said.

On the accusations against them, Reyes said: "Nobody could display any white linen," saying even Rosal was involved in the killing of 66 NPA cadres tagged as deep



penetration agents of the government in Southern Tagalog between July and November 1988.

Roberto del Castillo, head of the national peasant secretariat of Lagman's faction, said he could testify against Rosal on the charges because he was one of the "comrades" who were tagged as government agents. "I was just cleared after some comrades testified for me," del Castillo said.

#### **Roundup of Rebel Activities 4-10 Dec**

*BK1412091893*

[Editorial Report] The following is a roundup of reports on Philippine rebel activities from Philippine media monitored by Bangkok Bureau between 4 and 10 December. Source information is given in parentheses at the end of each item.

4-7 December

No fileworthy items monitored.

8 December

Five communist rebels and a civilian were killed in two separate clashes with Army troops in Aklan and neighboring Antique Province. The first encounter was in a village on 5 December when elements of the 47th Infantry Battalion surprised the New People's Army [NPA] rebels inside a hut. The other encounter occurred on 6 December when soldiers happened upon an NPA band resting in a house in a village in Antique. Several firearms and subversive documents were seized by the military at the site. (Manila MANILA STANDARD p 4)

9 December

Two high-ranking Communist Party of the Philippines officials—Robert Dumigiya, alias Comrade Gubat; and Catherine Ekid, alias Comrade Kenya—surrendered to operatives of the National Bureau of Investigation and Cordillera Regional Command. The rebels said they decided to return to the legal fold because they could no longer endure the hardships they were undergoing in the mountains, and they wanted to take advantage of the government's amnesty program. (Quezon City PTV-4 Television Network 090500)

10 December

No fileworthy items monitored.

### **Thailand**

#### **Prime Minister Receives PRC's Wu Xueqian**

*BK1612065293 Bangkok ZHONG HUA RIBAO in Chinese 15 Dec 93 p 8*

[Text] Prime Minister Chuan Likphai held talks with Wu Xueqian, vice chairman of the National Committee of

the Chinese People's Political Consultative Conference [CPPCC], and his delegation at Government House yesterday.

Prime Minister Chuan, on behalf of the Thai Government and people, warmly welcomed the visit to Thailand by Wu Xueqian. He stressed that Wu Xueqian's visit will further strengthen the Thai-Chinese friendly relations. The prime minister thanked the Chinese Government for the cordial treatment accorded to him during his visit to China in August. He also praised the Chinese Government for its brilliant achievement in economic development.

Wu Xueqian told Prime Minister Chuan that he was very happy to meet with the prime minister. He has a strong impression of the increasingly strengthened friendly relations between China and Thailand. Wu Xueqian said that he is visiting Thailand as the guest of the Thai Senate. This is his eighth visit to Thailand. He has happily seen the continuous economic prosperity and national stability of Thailand during his visits to Thailand.

During the talks, both sides expressed the hope that Thailand and China will further promote and strengthen their cooperation in all fields.

#### **Nation Offers Economic Aid to Burma for 1994**

*BK1612064493 Bangkok Radio Thailand Network in English 0000 GMT 16 Dec 93*

[Text] Thailand offers (?50) million baht in assistance to Myanmar [Burma] in 1994 to help develop the neighboring country. The assistance will mainly finance public health, educational, and agricultural projects in Myanmar. Myanmar is among the four largest recipients of the Thai Government's aid program after Laos, Vietnam, and Cambodia.

Foreign Minister Prasong Sunsiri says Thai logging companies will soon stop their operation in Myanmar as their contracts expire at the end of this month. However, he says Thai businessmen have a chance to obtain renewed concessions in that country.

Regarding fishery, Thailand's Department of Fishery has selected eight Thai fishing companies with 200 fishing trawlers to operate fishing activities in Myanmar. The list of the companies has already been sent to the Myanmar side for consideration. If approved by Myanmar, the Thai fishing companies will begin their operation at the beginning of 1994.

#### **Europe 'Satisfied' With Progress in Tape Piracy**

*BK1612021793 Bangkok BANGKOK POST in English 16 Dec 93 p 20*

[Text] THE European Union [EU] is satisfied with the progress of Thailand's crackdown on pirate copies of EU cassette tapes and compact discs, but it believes the



country can do even better, Deputy Commerce Minister Churin Laksanawisit said yesterday.

Mr Churin made the comment after meeting with A.J. Stewart, an EU official who had come to Thailand to monitor the country's handling of the piracy problem. The EU estimates that Thailand has reduced the amount of pirated product to less than 50 percent of all tapes and discs sold from more than 95 percent a year ago.

The EU last year threatened to cut tariff privileges for Thailand under its Generalised System of Preferences because of piracy. Both sides agreed in September 1992 that Thailand would be given a year to take action and that the results would then be evaluated. Mr Churin noted that Thailand has since introduced amendments to the Copyright Law to bring it into line with international standards. It has established a department to oversee intellectual property cases in the courts, and a Commerce Department committee works with the Police Department to suppress piracy. He said that in November there were 196 cases involving 10,986 items on the books.

Yesterday's meeting did not completely resolve the issue. The Europeans reserve the right to revive their earlier threats if incidents of piracy start to increase again.

Benefits to Thailand under the GSP from the EU totalled US\$3.76 billion in 1991, applying mainly to trade in fabricated steel, rubber shoes and fresh shrimp.

## Vietnam

### Radio Reviews Lord's Activities in Hanoi

*BK1512115193 Hanoi Voice of Vietnam in English  
1000 GMT 15 Dec 93*

[Text] Today we review activities by Mr. Winston Lord, U.S. assistant secretary of state for East Asian and Pacific affairs, in Hanoi:

During his two-day visit, Mr. Lord and his entourage were received by Vietnamese senior leaders. Speaking at the reception given by Vietnamese Prime Minister Vo Van Kiet, Mr. Lord highly appreciated Vietnam's good cooperation with United States in the MIA issue and its continuing efforts aimed at promoting normalization of relations between the two countries. He said the U.S. wanted the relations and friendship to develop. He said: The U.S. side was creating opportunities for help in the normalization of Vietnam-U.S. relations.

Mr. Lord said [words indistinct] \$2 million as aid to the reintegration program of Vietnamese returnees from refugee camps abroad, \$25,000 to storm victims in central Vietnam, and equipment to help locate the Vietnamese missing in the war.

Prime Minister Vo Van Kiet praised Mr. Lord's visit as a contribution to the promotion of mutual understanding between Vietnam and the United States. He

affirmed that Vietnam, now as before, considers the settlement of the MIA question as humanitarian issue and that Vietnam would do all it could to cooperate with the U.S. in settling the issue. It is all part of the Vietnamese humanitarian tradition. He noted U.S.-Vietnam relations have seen positive developments and he expressed Vietnam's wish for the normalization of the relations. He then expressed regret that the U.S. has so far failed to respond to the two peoples' desire in relations between the two countries. Vietnam thinks that the normalization should not be hindered by the MIA issue. Prime Minister Vo Van Kiet then thanked the U.S. side for its humanitarian aid to the Vietnamese people.

Before departing Hanoi for central provinces, Winston Lord held a press conference. Here is Mr. Lord:

[Begin recording] [Lord] Well, again, they are cooperating and we appreciate that cooperation. We still hope to make further progress and this is what we've been discussing along with a range of other issues while I'm here.

[Question indistinct]

[Lord] Well, I think we'll leave that to private discussions among us. But we have suggested ways for further progress and I do want to underline that they have been very helpful, but we want to continue to make progress, yes. [end recording]

### National Assembly Continues Work in Hanoi

#### 15 Dec Proceedings Reported

*BK1512142993 Hanoi Voice of Vietnam Network in  
Vietnamese 1100 GMT 15 Dec 93*

[Report by station correspondent Dinh Khai on 15 December session of the Ninth National Assembly in Hanoi—passages in boldface recorded]

[Summary] "Dear friends: Today the deputies to the Fourth Session of the Ninth National Assembly continued working in the Ba Dinh Conference Hall to discuss the implementation of the 1993 state budget and debate on the 1994 state budget estimates.

"In the morning, the deputies heard a report by Comrade Minister Do Quoc Sam, director of the State Planning Committee, on 1993 state revenues and expenditures and the orientations for 1994. The deputies focussed their discussions on this issue, unanimously agreeing with the government report on the implementation of the 1993 state budget and maintaining that in 1993, we have successfully reduced the inflation rate while at the same time ensuring relatively high economic growth. Comrade Phan Minh Thanh, deputy from Tien Giang Province, said:

"We concur with the government report on the implementation of the 1993 state budget. Basically, we agree with the government evaluation report. As far as last year's



budget revenues and expenditures are concerned, better progress has been made. We concur with the factors used in the government evaluation report. High economic growth has led to an increase in the source of state revenues. In addition to educational measures to make business establishments and citizens heighten their sense of obligation to pay taxes, the promulgation of amended or supplemented tax laws last year has contributed to promoting socioeconomic development and ensuring the source of state revenues. Noteworthy is the fact that party committee echelons and local administrative organs have closely guided and overseen the enforcement of regulations governing state revenues and expenditures. As a result, misappropriations and waste have been avoided."

The deputies, however, contributed many suggestions as how to overcome shortcomings and weaknesses in the implementation of the 1993 state revenues and expenditures. Regarding the 1993 state revenues, the deputies maintained that last year we still had many tax collection shortfalls from the import-export, non-state, and slaughtering sectors.

The allocations of state funds to support socioeconomic development in mountain provinces have not yet been carried out in a reasonable and timely manner. Slow budget allocations have led to poor results in business and production.

"Regarding the 1994 state budget estimates, the deputies concurred with the government's orientations and maintained that, compared with 1993, there is a better chance to increase 1994 state revenues, given the fact that the national socioeconomic situation is continuing to develop favorably. Many deputies, however, stressed the need to adopt more drastic measures to ensure state revenues and make a rational use of them to support all aspects of socioeconomic development. More investment should be made to promote local production and business activities, and henceforth increase state revenues and reduce the number of foreign loans. Measures must be taken to allot funds in a more rational manner, bearing in mind the need to provide adequate funds to help resolve unemployment problems; cover empty land and bare hills with greenery; and meet educational, public healthcare, and cultural and social development requirements in mountain regions."

Many deputies suggested that measures be taken to mobilize the surplus capital among the people and different economic sectors and reserve state funds for the building of medium- and small-sized capital construction projects. To this end, studies must be made to formulate and promulgate the law on local investment at an early date.

Other deputies attached importance to investment in education and public healthcare, suggesting that appropriate funds be invested in education and public healthcare in mountain regions.

"One of the issues of great concern for the deputies is the struggle against the misappropriations of state funds. To

this end, it is necessary to exert very tight control over import-export operations and struggle against waste and loss of investment capital, especially capital construction funds. Comrade Truong Tan Sang, deputy from Ho Chi Minh City, suggested measures to control capital construction investment capital as follows:

**"Prompt steps must be taken to study and renovate the overall investment capital process. Special efforts must be made to ensure everyone's sense of responsibility toward budget allocations. It is necessary not to allow investors to act simultaneously as project builders. Likewise, bidders and contractors may not belong to the same ministry or agency. May we suggest that open bids be called to award contracts for the building of state-funded new projects. At the same, it is necessary to set concrete conditions for bidding procedures.**

"Dear friends: According to the agenda, the National Assembly deputies will continue working in the Ba Dinh Conference Hall tomorrow."

#### 16 Dec Proceedings Reported

*BK1612131193 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 16 Dec 93*

[Passages in boldface recorded]

[Summary] "Dear friends: This morning, the National Assembly continued its debate at Ba Dinh Conference Hall on implementation of the 1993 state budget and the 1994 state budget estimates. Deputies from Hanoi, Khanh Hoa, Thanh Hoa, and Kon Tum acknowledged the government's efforts in implementing the 1993 state budget. In this regard, the government increased budget revenues and kept overspending within the limits allowed by the National Assembly. The increased revenues allowed many budget expenses to be met."

Speaking on the problems remaining with the 1993 state budget, Kon Tum Province Deputy Nguyen Thanh Cao held that state revenue is still suffering great losses, especially in the non-state economic sector, due to the taxation service's poor management of business registration and inadequate bookkeeping regulations for private business. Regarding government spending, many organs and offices have been spending too much on luxury cars and have high administrative costs.

Regarding the 1994 state budget, the deputies agreed with the government that there are great demands on the 1994 state budget for investments in development and the settlement of social issues. Therefore, we have to change our method of balancing the budget to meet our regular expenses, repay debts, and save for investments in development. We have to reform the tax rates and improve the taxation service to increase 1994 budget revenues.

In their speeches, the deputies suggested measures to improve implementation of the 1994 state budget. Comrade Cu Hoa Binh of Lao Cai said:



**"In 1994, I suggest that we increase revenue collected from the non-state sector, because the loss of taxes in this sector is still high. To do that, we must strictly implement the state regulations on accounting and statistics and improve the taxation service mechanism."**

Aside from efforts to prevent the loss of taxes in the non-state economic sector, many deputies held that we need to improve the collection of other revenues, such as the land and housing tax, import-export tax, and so forth. On this issue, Comrade Nguyen Thi No of Khanh Hoa suggested:

**"I suggest that we increase import taxes on luxury consumer goods such as televisions, refrigerators, air conditioners, washers, and so on. Moreover, we should increase import taxes on goods that can be produced locally."**

With respect to the allocation of 1994 funds, most deputies suggested that the government publicly declare its plans for the funds. The government should set expenditure and revenue targets for each locality to prevent negativism by some of the ministries and departments that are currently authorized to manage budget funding. On this issue, Comrade Le Minh Chau of Ho Chi Minh City said:

**"I support the policy of setting expenditure and revenue targets for each locality. I suggest that the government study the introduction of such a policy to increase responsibility for budget management in each locality."**

Aside from the aforementioned issues, many deputies also suggested increasing investments for developing mountainous areas and funding for the cultural and education service. On this issue, Comrade Luu Xuan Quy of Hanoi suggested:

**"I agree that the absolute amount of funding for the medical and education services in the 1994 budget is higher than the 1993 budget, but I do not think it is high enough."**

Comrade Bui Thi My of Lai Chau Province suggested that the government conduct more studies on the situation in mountainous area before planning economic development projects there.

**"Dear friends, by the end of the morning, after three and a half days of work in the conference hall in the spirit of straightforwardness and democracy, the National Assembly had listened to 77 deputies from most of the 53 provinces and cities express their opinions on the government report on the 1993 socioeconomic situation and duties for 1994. They adequately evaluated the socioeconomic achievements made by our people in 1993. They also suggested many measures to accomplish our socioeconomic duties for 1994."**

**"Tomorrow, according to the agenda, the National Assembly deputies will continue working in the Ba Dinh Conference Hall in Hanoi."**



## Australia

### Cook Expresses Relief at Successful GATT Deal

BK1612075493 Melbourne Radio Australia in English  
0630 GMT 16 Dec 93

[Excerpts] Following the successful outcome to the Uruguay Round of the General Agreement on Tariff and Trade, the world's major trading nations are heralding a new era of international prosperity. [passage omitted]

Australia, which has enjoyed good access to the major negotiating countries, is also well pleased with the outcome, but many other smaller countries are less than satisfied. [passage omitted]

The Australian trade minister, Peter Cook, says he is greatly relieved by the GATT deal which may mean tens of thousands of new jobs in Australia and a boost to exports. Here is how Senator Cook described his feelings:

[Begin recording] [Cook] Great relief, a sense of excitement, and at last, we have got this damned thing that has been around our necks for seven years done. We can now have, I think, a much better future for the world, and certainly for Australia in the world because world trade now has qualitatively moved forward and become liberal. Australia's own internal economic reform has positioned us as a country to take real advantage of that. And I think the performers here in this round—the best performers—have been in Asia. The high growth that the Asian area is enjoying is bound to continue because of their contribution to this round, and Australia will benefit from that as well.

[Correspondent Majella Anning] In reality, isn't the GATT Agreement a giant compromise, and not half as promising as it should have been?

[Cook] Of course, it is a giant compromise, but here the question is that perfection is the enemy of good. It is not a perfect agreement, but we have got a good agreement and while we can be nostalgic about what might have happened if, what we have got is a substantial movement forward, (?and it would not sound right) viewed in isolation of the expectations we had about what was possible and the romantic ideas we might have believed; this is a really good outcome, and we should not try to diminish it by pretending otherwise. [sentence as heard] [end recording]

## Fiji

### President Dies While Being Treated in U.S.

LD1612082993 Melbourne Radio Australia in English  
0800 GMT 16 Dec 93

[Text] Fiji's president and most senior chief, Ratu Sir Penaia Ganilau, has died after a long battle with leukemia. South Pacific correspondent Jemima Garrett says

his death comes as Fiji prepares for a snap election, called after Parliament rejected Prime Minister [Sitiveni] Rabuka's budget:

[Begin Garrett recording] The 75-year-old president died in Washington, where he had been undergoing medical treatment. As governor general, Ratu Sir Penaia steered Fiji through the turmoil of the 1987 coups. After the second coup, he held out accepting reappointment as president until he was satisfied with the then coup leader Rabuka's plans for a return to parliamentary rule. Ratu Sir Penaia played a central role in Fiji politics for 30 years, as a politician and a paramount chief. He was a quiet and effective negotiator, who retained a common touch.

Former Prime Minister Ratu Sir Kamisese Mara is expected to continue acting as president until the Great Council of Chiefs appoints a successor. Ratu Mara will officially announce Ratu Sir Penaia's death on Radio Fiji tonight.

Jemima Garrett, Sydney. [end recording]

## New Zealand

### Bolger Predicts Government To Serve Full Term

BK1512092693 Hong Kong AFP in English 0903 GMT  
15 Dec 93

[Text] Wellington, Dec 15 (AFP)—Prime Minister Jim Bolger confidently predicted Wednesday his government would stay in office for its full three year term. The ruling National Party was narrowly re-elected last month with polls on election night producing a hung parliament but which now gives Bolger a majority of two in the 99 seat parliament. Speaking at a press conference after an all day cabinet session Bolger said the government had "now settled into working mode."

"We know we are going to be here for the long haul—for the three years," he said.

There have been predictions of an early election because of the possibility of a National MP voting against the government on a key policy or of a resignation by a government MP.

Bolger said the government would not be changing policies in any dramatic way, confirming consistency especially in economic and health policies.

"We looked at the budget strategy—how we would need to bring that together—consistent with the fiscal line that we have established before the election, to enable us to ensure that the health reforms do deliver improved public health care in New Zealand.



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